

The Strategic Planning process at Fondo Acción

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Case Studies

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Brief Fund profile

Fondo para la Acción Ambiental y la Niñez (Fondo Acción) is a private Colombian non profit organization, created in 2000 under a bilateral agreement between the governments of the United States of America and the Republic of Colombia.

Fondo Acción is a second-floor type organization: it does not implement projects or programs directly but rather manages accounts and allocates funds to first-floor implementing agencies.

Fondo Acción has consolidated its business model as an efficient and reliable financial and technical trust fund, with technical and managerial strengths that allow it to design, select and fund high impact programs and projects in two priority thematic areas: (1) conservation and sustainable development and (2) early childhood protection and development.

Motivation – When did Fondo Acción undertake its Strategic Planning exercise?

Fondo Acción's first strategic planning exercise took place in 2005. Until then, the Fund did not have a strategy for growth and change and this had been identi-

fied as a weakness by both the Fund's **Board of Directors** and the Fund's **Executive Secretariat**.

This exercise resulted in the formulation and adoption of the first Strategic Plan for 2005-2009.

In 2009 the Fund assessed progress and results under the first four year plan and updated and adopted a new strategic and financial plan for 2009-2012.

Planning tools and methodologies used

Fondo Acción used the **Balanced Scorecard and Strategic Maps methodology - BSC** (See Annexes 1 and 2)¹ and specifically a version of this approach that has been adapted to fit the needs and nature of non profit and public organizations².

BSC is a flexible planning methodology that improves the use of human and financial resources, guides the organization's investments in intangible assets, enhances cooperation levels and generates higher financial results.

¹ Robert S. Kaplan and David P. Norton. *The Balanced Scorecard*. Boston: Harvard Business School Press, 1996. *Strategic Maps: Converting Intangible Assets into Tangible Outcomes*. Harvard Business School Publishing Corporation, 2004.

² Paul R. Niven, *Balanced Scorecard Step-By-Step For Government and Nonprofit Agencies*. John Wiley and Sons, Inc. 2003.

BSC is based on the factors that generate value for the organization's main clients or stakeholders. Using BSC, the Fund's team and Board were able to formulate a 4-year strategy for growth, innovation and value creation (the Strategic Plan), and to develop Annual Action Plans as well as Key Performance Indicators (KPIs) to monitor progress in the implementation of the Strategy (Annex 3).

The Strategic Plan is drafted for four year periods. Its key elements are:

- Mission
- Vision
- Strategy
- Organizational values
- Strategic Objectives (SO)
- Key Performance Indicators (KPI)
- Investment plan

In order to facilitate the implementation of the Strategy, the Fund's team prepares Annual Action Plans. These Annual Action Plans are drafted in strategic planning sessions carried out at the beginning of the year. The key elements of an Action Plan are:

- A set of Initiatives for each Strategic Objective
- A Manager for each Initiative
- Goals, activities and a timetable for each Initiative
- Budget

Involved actors

The first draft of the four year strategic plan and the annual action plans are prepared by Fondo Acción's **Executive Secretariat**. The **Secretariat** also prepares a four year financial projection or plan.

It is advisable to have an **external advisor or consultant** to lead and facilitate these planning exercises. Active participation is essential because each team member must understand the role he/she has in achieving the organization's strategy.

Once the 4-year plan is completed, the Executive Secretariat organizes a workshop with the organization's **Board of Directors**, to review the draft and obtain Board approval. The 4-year Plan becomes the framework for the subsequent preparation of the Annual Action Plans.

Implementation and monitoring – what are the main results?

A small group is in charge of monitoring the Annual Action Plan during the year. This group is composed of the Executive Director, the three Area Directors (Technical, Financial and Legal), the Planning and Development Coordinator and the Partnerships Coordinator.

Progress monitoring is carried out every four months based on information provided by each Initiative Manager and registered in an **electronic tool** that has been specially developed for this purpose. This review allows the whole team, at any time, to be informed about progress in every Initiative and guides decision making about the need to speed up, change or drop initiatives, or to reallocate financial and human resources. It also facilitates the preparation of quantitative and qualitative reports.

Innovations, obstacles and solutions

The main obstacles and difficulties faced by **Fondo Acción** in the planning and implementation of the Strategy can be summarized as follows:

It is important to set fundraising targets but these should be flexible.

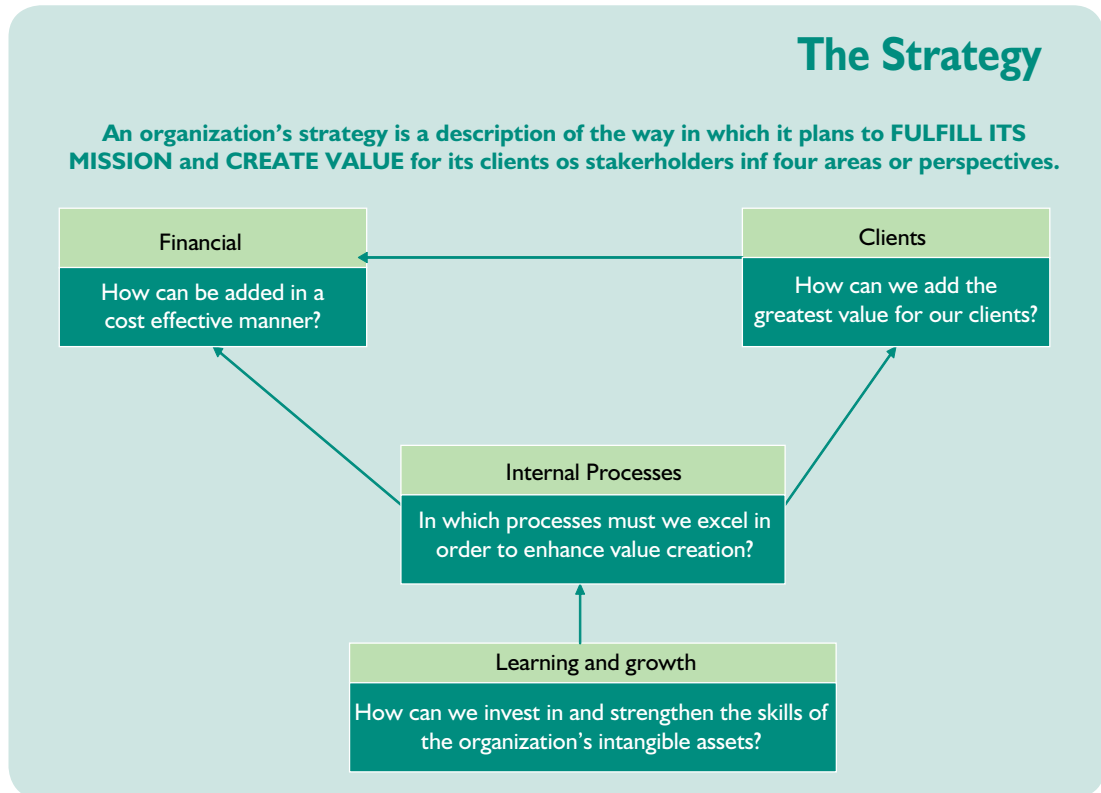
Changes in Board and team members can create disruptions. It is very important to be able to communicate the strategy clearly and easily to new members in order to maintain permanent alignment.

Progress and obstacles to implementation need to be recorded and analyzed in a timely manner. Otherwise it will be very difficult to adopt decisions and fine tune the operation.

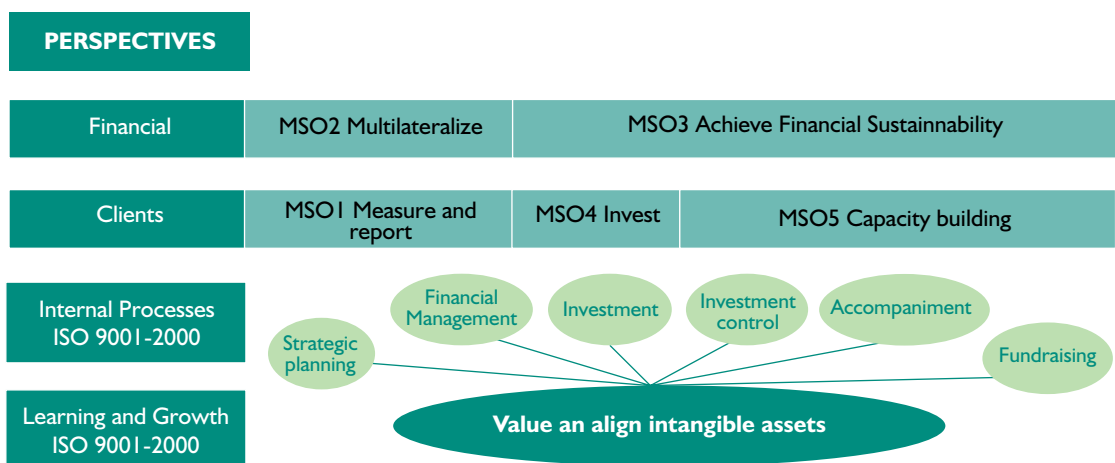
Deadlines must be as realistic as possible.

The flexible nature of the planning process must not be lost. Strategic planning and implementation are dynamic processes not straight jackets.

Annex I. Four Perspectives for Value Creation in the Balanced Scorecard approach



Annex 2. Fondo Acción 's Strategic map



SO1: Monitor, measure and communicate results

1.1 "Results & Impacts" annual reports are prepared and disseminated.

SO2: Fundraise and diversify donors and funding sources

2.1 Number of new donors that are engaged.

2.2 New contributions (\$) (sinking funds) are secured from both current and new donors.

SO3: Enhance long term financial sustainability (EAI Endowment and Dedicated Subaccounts; TFCA Endowment)

3.1 The Glen Nimnicht Scholarship Fund for Early Childcare & Development is consolidated with contributions to its Endowment Subaccount (\$).

3.2 The Fund for Innovations in Early Childcare & Development (PI Fund) is strengthened with contributions to its Endowment Subaccount (\$).

3.3 The TFCA Endowment is strengthened with new contributions (\$).

SO4: Implement Programs and allocate grants (EAI Sinking Fund)

4.1 % of the projected funds from the EAI Sinking Account that are allocated to Conservation and Sustainable Development programs and projects during the period (in Colombian pesos).

4.2 % of the projected funds from the EAI Sinking Account that are allocated to Early Childcare & Development programs & projects during the period (in Colombian pesos).

SO5: Build capacities and valorize intangible assets

5.1 Community-based organizations participating in the Capacity Building Program in Ecotourism improve the quality of the services offered by them.

5.2 Childcare & development organizations participating in the Capacity Building Program improve the quality of the services offered by them.