

# ROLES AND RESPONSIBILITIES OF BOARD MEMBERS IN BUSINESS MEMBERS ORGANIZATIONS

## Module 5

### Frequently Asked Questions





# Elements of Strategic Planning

## Frequently Asked Questions<sup>1</sup>

### What is strategic planning?

Strategic planning provides a vehicle to:

- Examine the overall reasons for the organization's existence;
- Define the core strategies that will deliver the BMO mission;
- Establish work plans based on these core strategies; and
- Bond the organization and its members in working towards common and understood goals.

A strategic plan helps the BMO make better and more consistent decisions. Members of the Board will change over time but the mission and vision of the BMO should be stable. A strategy and a sound financial plan will save future members of the Board from having to reinvent the organization every time changes occur on the Board of Directors or a term of office expires.

### What distinguishes a successful BMO from a failing one?

Having a well-constructed strategy is the difference between success and failure for a BMO. Strategy is the road map from where you are today to where you want the organization to be in the future. The strategy described in the strategic plan can cover several years and will be complemented with annual action plans and budgets. Remember that members will join a BMO only if and when they understand the benefit to them – delivering that is at the purpose of the BMO strategy.

### What is the benefit of a strategic planning exercise?

A strategic planning exercise is a crucial moment of brainstorming and priority setting for the Board of a BMO. It requires Board members to review the mission and vision of the BMO thereby providing an opportunity to improve upon both, if required. The discussions on the future “roadmap” for the BMO are also opportunities to assess the external environment of the organization, the challenges faced by the private sector, the needs of the members. It is a moment in which members, who own the organization, take a stance on what they collectively represent and where they want to go together.

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<sup>1</sup> These Frequently Asked Questions were developed by the participants to the ITCILO MOOC on roles and responsibilities of Board Members of BMOs, 2017.



A strategic planning exercise can also energize the Board, the members and also the secretariat of the BMO and this may result in better cooperation and participation. The BMO may want to consider having a weekend or day retreat with Board members to coach and motivate them through the strategic planning exercise.

### What is the ideal duration for a BMO's strategic plan?

There is probably no “ideal” duration because the duration of a strategic plans depends on the environment in which the BMO operates and the internal capabilities of the BMO. The BMO strategy described in the strategic plan can cover several years and will be complemented with annual action plans and budgets. Many BMOs have strategic plans of 3-5 years which allow for medium term visibility and coherent decision-making. Important is to set annual milestones to lead to achieving the plan.

### How often should a strategic plan be reviewed?

Many BMOs have strategic plans of 3-5 years which allow for medium term visibility and coherent decision-making. However, no matter the time period covered by the strategic plan, the Board needs to monitor and evaluate its implementation annually.

The Board must be prepared to assess if important changes have occurred in the internal or external environment of the BMO and, based on this analysis, to decide if the strategic plan should be reviewed before its term or not. There are certain changes, like a change in government or a national or international financial crisis that will call for a revision of major elements of the strategic plan. The election of a new Board of directors is also an important event but should in principle not lead per se in an overhaul of the strategic priorities of the organization. The annual action plans will guide the work of the BMO in delivering step-by-step on its wider longer term strategy.

### Can the Board delegate the responsibility of strategic planning?

It is the core mandate of the Governing Board of the BMO to develop and agree on the strategic plan and to ensure that the plan is being executed efficiently and effectively by the secretariat. The board members are elected onto the Board to represent the interests and opinions of the members that elected them. The interests of these members are reflected in the priorities set in the strategic plan. This prime responsibility cannot be delegated.

The leadership role of the Board needs to be explained clearly to new members. If required, annual refresher programs can be organized to avoid any confusion between the role of the Board and that of the BMO management.

### How should strategic objectives look like?

A strategic objective defines the precise goal being pursued to the extent that it is possible to produce detailed work plans (eg. annual action plans) to ensure it is met and to verify whether or not it has been achieved. Strategic objectives should be compatible



with the mission statement, represent a reasonable challenge, be prioritised and relate to one another – short, medium and long term.

The definition of the strategic objectives should make it possible to guarantee that the organization's mission will be carried out, that opportunities and strengths will be exploited, and that threats and weaknesses will be combated. Strategic objectives should be SMART (specific, measurable, attainable, realistic and timely).

### Why should the Board monitor the implementation of the strategic plan?

*“Strategy is 1% formulation and 99% implementation” quote by Thomas Edison, US Inventor, 1847 – 1931.*

When devising the strategic plan, it is very important to break the objectives down into actions to be undertaken to produce the planned results. Typically these should have key performance indicators (KPIs) with clear time lines. It is important to also assign responsibility within the secretariat, as well as how, and what resources will be committed for advancing each task under each objective. Indeed, the Board should pay attention not to assign responsibilities and to agree objectives for the day to day operations to the Secretariat of the BMO without providing what they need to get the job done.

The Board should monitor the delivery on the BMO strategy through an assessment of the extent to which the annual action plans have been achieved. The management of the BMO should be entrusted with the preparation of a detailed progress report on the action plans to be discussed during dedicated Board meetings.

The annual action plans and their regular reviews are tools to manage members' expectations vis-à-vis the BMO, oversee the efficient management of the organization, and ensure sustainability and balanced financial reports.

### What if the planning is not followed?

Board members are responsible for overseeing the performance of the secretariat and its senior management in meeting agreed goals and objectives. If the planning is not followed in a consistent manner and without justification, the Board can use its prerogative to remove an underperforming Secretary General or Executive Director following the procedures indicated in the BMO Statutes. Obviously, this is a last resort measure.

It is important to evaluate the strategy on a regular basis and to compare results with stated objectives. This allows the Board to evaluate the performance of the organization through the secretariat, on the basis of regular reports on progress to it in delivering on its strategy. Recurring schedule of meetings, clear objectives and well formulated KPIs are crucial for the performance reviews to be meaningful. Time should be allowed for improvements if the results are not satisfactory. Also it might be good to look into the implementation team and see if capacity gaps exist or else appoint a SWAT team to help reach the set results.

### What is the link between strategic planning and budgeting?



No Board or General Assembly will sign off a strategic plan that is not properly budgeted for. The strategic planning exercise will result in proposals to undertake some new initiatives and plans to stop some tasks that are currently undertaken. During the evaluation work that led to the setting of objectives, finance staff will have been involved and issues of cost and cost recovery will have been discussed thoroughly. Indeed it is likely that some of the objectives will relate to increasing membership or offering new services that at least cover their costs. The task of the financial controller or accountant is then to produce a budget that supports the strategy. This will serve as a reality check on the plan itself and will probably identify resource gaps that will have to be filled by revising certain objectives or by changing some of the financial assumptions relating to costs or income.

### What is the link between strategic planning and membership strategy?

Recruiting and retaining members in a BMO is directly proportional to how relevant the BMO is for its members. The strategic plan is the prime instrument of BMOs to ensure a close connection between what private sector wants/needs the organization to be and do and the reality. A well-defined strategic plan which defines the mission and vision of the BMO, sets priorities and a process plan, enables monitoring and secures buy-in forms the basis on which specific membership strategy and key performance indicators can be set.

### How to ensure member engagement in strategic planning?

Membership should be engaged at all stages of strategic planning from definition to adoption. Good flow of information between the Board and the wider membership (General Assembly) is crucial to ensure all members' interests are represented in the strategic objectives and implementation plans. It is very important to avoid that strategic planning is the result of the work of only a few members. The Board and managements should find the way to involve as much as possible the whole network of members, even the more passive ones, in the strategic planning exercise. Starting the process by conducting a survey about Members' needs and expectation can facilitate buying of the strategic plan. Also membership data (eg. CRM system) can be used to profile members according to their issues of particular interest and to link strategic objectives and action plans to these areas. Regular contacts through social networks can also be an informal and cost effective way to reach out to members. Such practices help make the value add of the BMO for members even more tangible.

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