

Emergent Approach to Strategy

Introduction for El Sistema USA Members

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ESUSA Webinar
1.19.2023

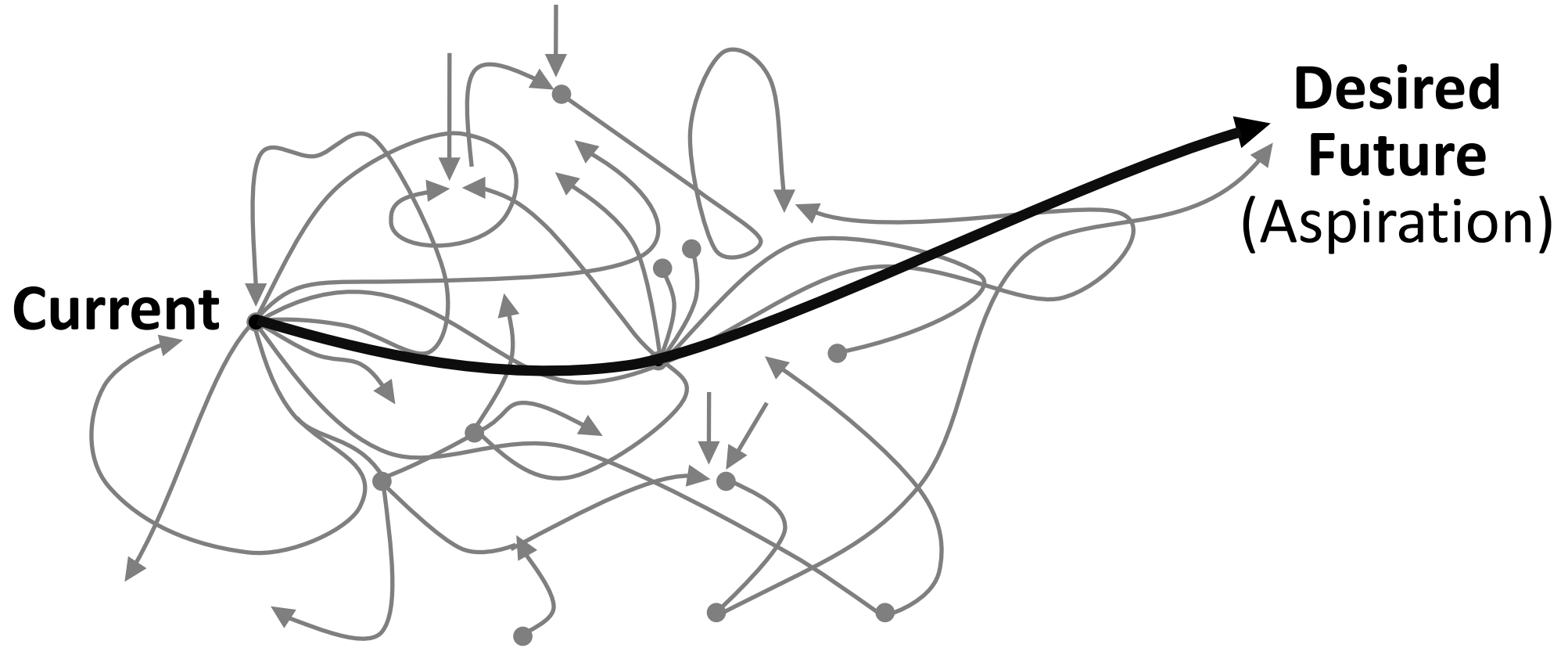
Why Strategy?

To Achieve Aspirations (visions, missions, specific goals)

To address stressors

- Strain on the organization
- Lack of focus
- Lack of resources—people, funding
- Difficulty resolving conflicts
- Conflict-free for the wrong reasons
- Problems with implementation
- You just feel the organization can be better

Why Difficult?



What is the Right Approach?

Typical Strategic Plan*

Vision and mission statement

Long lists of values, initiatives, priorities, goals, sub-goals, plans

Updated yearly (or longer)

Missing...

1. Consideration of alternatives
2. What ifs
3. Conflict & pain
- 4. Strategy**

Emergent Strategy Framework

Vision, mission, **and values statement**

~~Long lists of values, initiatives, priorities, goals, sub-goals, plans~~ **OK**

Updated ~~yearly (or longer)~~ **when needed**

~~Missing...~~

1. Consideration of alternatives
2. What ifs
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- 4. Strategy**

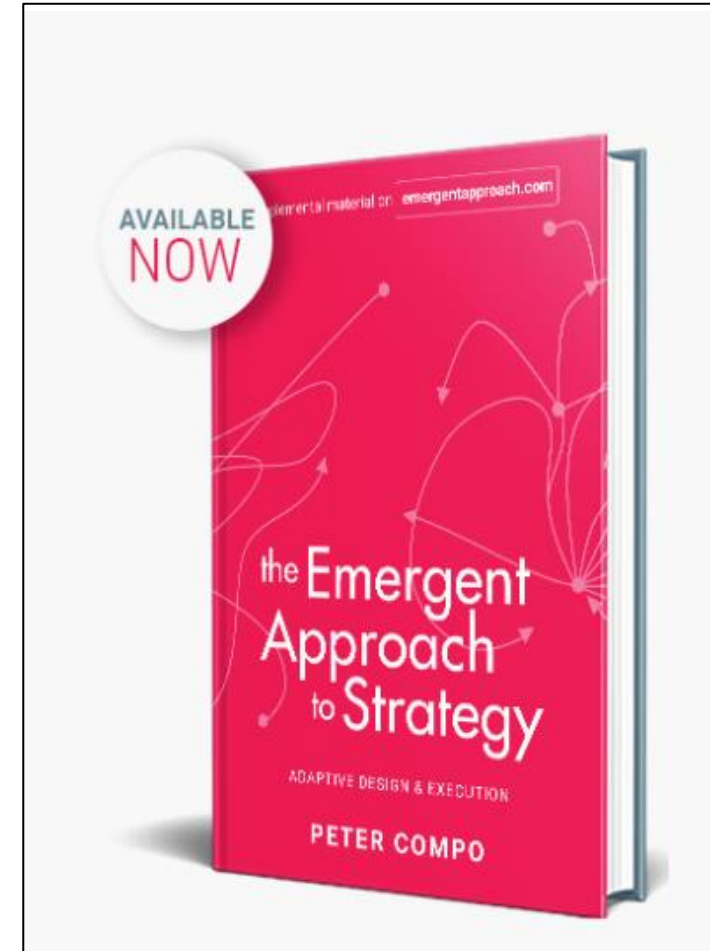
* In any endeavor

Strategy Design and Implementation

Not easy

Takes continuous effort...

No different than techniques and a strategy for an instrument or composition



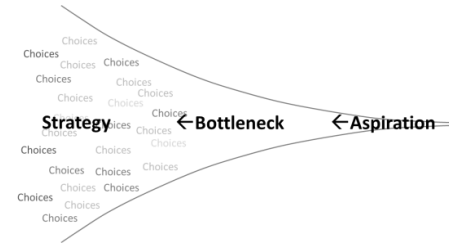
Three Messages for Today



1. **Avoid lists** (except plans)
5-6-page strategy framework

2. Start with a **few techniques**

3. **Audit** at minimum, quarterly



Triad

Goal: New Product Line			
Bottleneck: Funding			
	Partnership	Loans	Give up an existing product line
Time to launch	15 months	12 months	3-4 years
Short-term financial risk	Low	Debt ratio grows 0.6	Low if free \$5M working capital and sell IP for \$5M
Long-term finance success	Low chance of failure, but give up share	? (what terms)?	High because streamlined
Control over process	Low	Medium	High
Competitive response	May encourage a price war	Perhaps fast enough to avoid competition getting ahead	May distract from new products, but also give them time?
		✓ Best Option (least-bad trade-offs)	

Strategy matrix

	1Q	2Q	3Q	4Q
Activity 1	Yellow	Yellow	Green	Red
Activity 2	Red	Yellow	Green	Green
Activity 3	Red	Red	Green	Red
Activity 4	Green	Green	Yellow	Red

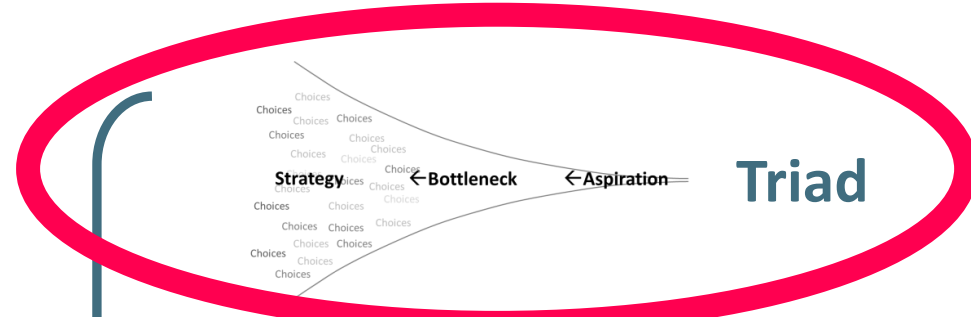
Implementation audit

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Implementation audit

Our Strategy

Vision: *Enable every kid to reach their potential through music*

1. Increase fundraising by 20% in 2023
2. Raise \$120K by 4th quarter
3. Launch new matching gifts initiative
4. Find corporate sponsor for the Holiday concert
5. Bring 20 more students into the program next year
6. Create partnership with Boys and Girls Club
7. Send 15 kids to the October regional Seminario
8. Fill 6 board positions for next fiscal year term
9. Hire 2 more admins by September 2023
10. Hire new teacher
11. Join ESUSA
12. Expand summer program from 4 to 5 weeks
13. Create a new out-reach-to-parents program

A Strategy is almost never a list

LISTS of (believed) good things to do:
Goals
Subgoals
Plans
Initiatives
Priorities

LISTS don't promote
Integration
Trade-offs
Focus

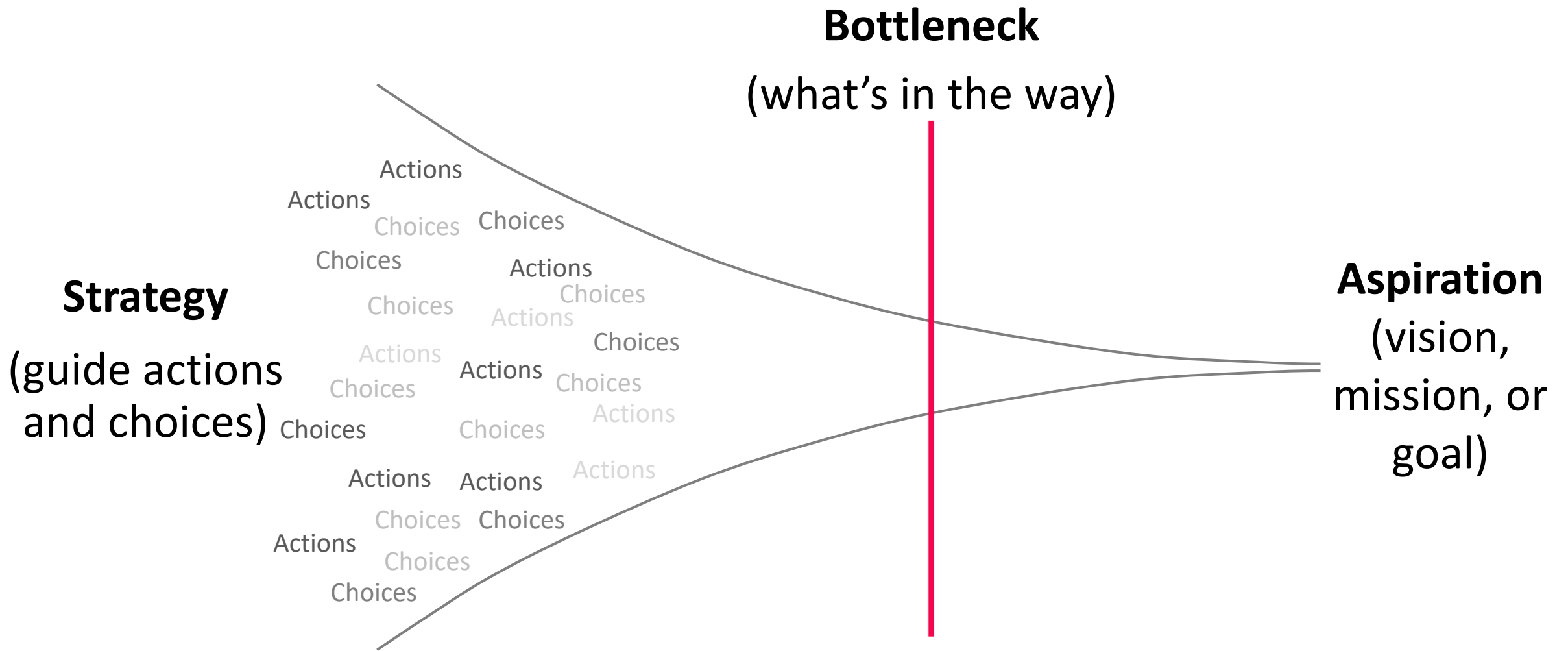
Same in Business, or *Any* Endeavor

Our business strategy for delivering superior returns to shareholders is to:

1. Increase revenue by 10% per year and profitability by 14% per year.
2. Increase customer-based innovation.
 - Use agile to deliver new product requests from customers 20% faster than the competition.
 - Drive product innovation into white-space technology platforms.
3. Optimize our cost structure and CAPEX
 - Improve cost position to rise to the top quartile of benchmarks.
 - Reduce asset footprint by \$110 million through strategic partnerships.
 - Right-size our legal and finance divisions with 20% cuts in 2 years.
 - Optimize manufacturing operations through a learn-it backbone.
4. Drive Marketing excellence
 - Become the chosen partner for customers.
 - Improve sales-team capability and add 18 new salespeople in Africa.
 - Design an advertising campaign that captures the imagination of the 20 to 29-year-old male demographic.
 - Launch customer-centered-awareness (CCA) training.
5. Inspire employees using the new People Mindset Module (PMM)

Not a Strategy

Triad



Working the Triad

Possible Strategies

← Possible Bottlenecks

- Recruiting teachers
- Lack of community awareness
- Key people consumed with fundraising, not program, yet still struggling
- Lack of Alignment on vision/mission (staff/board)
- Parents not involved

← Aspiration

Enable *every* kid to reach their potential through music

Places to look for Bottlenecks

- People or culture related
- Lacking Information/knowledge
- Lack of process capability; digital capability
- Lack of methods
- Lack of capital/resources
- Lack of staff / wrong skills
- Complexity
- Lack of alignment and common language
- Bad framework/missing strategy – **Leading to trying to do too much**

Working the Triad

Possible Strategies

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← Aspiration

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Triad for Fundraising

Possible Strategies

- Hire a fundraising firm
- Target fewer, but bigger donors
- Enter a partnership
- Change messaging to help corporate and foundations to better see the picture
- Seek board members with foundation connections / fundraising experience
- Get the kids out there

← Possible Bottlenecks

- Not enough staff to do fundraising
- Staff we have...
 - Not sufficiently aware of program details
 - Cannot talk about the program with the same passion
 - Do not have relationships
- Too many targets—small donations (\$50-500) take a disproportionate effort
- Unclear messaging/ pitch (too many points)—difficult for “hired gun” to explain
- Wrong donor targets

← Aspiration

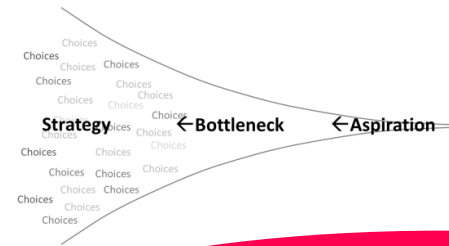
Stop having our key people spend so much time on fundraising versus program building

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Implementation audit

Strategy Alternative Matrix

Goal: Key People Move from Fundraising to Program Development
Bottleneck: Several considered

Strategy Options →

Partnership

Target bigger

Hire Firm

Fitness Criteria

Initial Cost

Short-term financial risk

Potential

Control

Additional Staff

		Goal: Key People Move from Fundraising to Program Development Bottleneck: Several considered		
		Partnership	Target bigger	Hire Firm
Fitness Criteria	Initial Cost			
	Short-term financial risk			
	Potential			
	Control			
	Additional Staff			

Strategy Alternative Matrix: *Fundraising*

Learning
Process

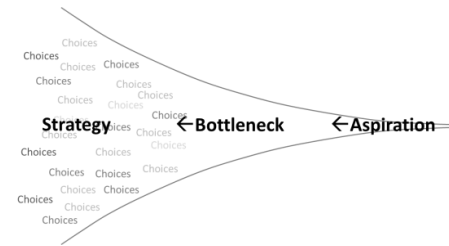
		Goal: Key People Move from Fundraising to Program Development Bottleneck: Several considered		
		Partnership	Target bigger	Hire Firm
Fitness Criteria	Initial Cost	???	\$30k? (lose some of base)	\$25-50k
	Short-term financial risk	Low	High	Low if get benefactor for one-time donation
	Potential	Unknown if money will be funneled to the program	Assume higher than current approach	Assume high
	Control	Hard to predict relationship and loss of control, even with a good contract	High	We will our brand be correctly represented?
	Additional Staff	Unknown	Yes—someone who can express the message	Assume no
			Best Option? (least-bad trade-offs)	

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Implementation audit

This is where you list your tactics and plans!

Tactics and Plan: *Fundraising*

Learning Process

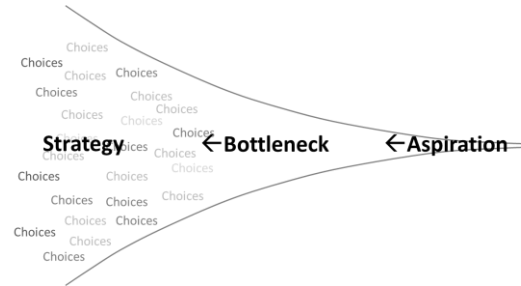
Activity	1Q	2Q	4Q	
Engage with fundraising firms & Consultants	Determine short list & Make initial contacts (Ludwig, Clara, August)	Interview at least 7 firms /consultants and summarize conclusions for board (Clara, September)	Re-evaluate strategy and determine whether to engage a firm (Ludwig, Clara, August)	
Upgrade messaging package	(Wait until dialog with fundraising firms and consultants)	Draft new package (May 2023, Ludwig)		
Shift to higher-potential donors	Create list of new targets Create a simpler automated system for existing small donors (Wolfgang, September)	Modify pitch for new donors & propose to board (Wolfgang, August)	Go out with new program and messaging package (Wolfgang, December)	Audit results (Wolfgang, February)
Stage fundraising events	Find partners for 3 fundraising events with student performances (by August, Fanny)	Hold 3 fundraising events with student performances (by October, Fanny)		
Seek benefactor to seed initial costs	?			
Essentials	Staff administration; Standard concerts; outside events; Scheduling; Instrument management ; Parent interaction; board interactions Budget (Ensure 3-Month cash reserve)			

Keep it Short!

Aspiration & reason for strategy

Stressors that are driving our strategy needs now.

Triad



Matrix

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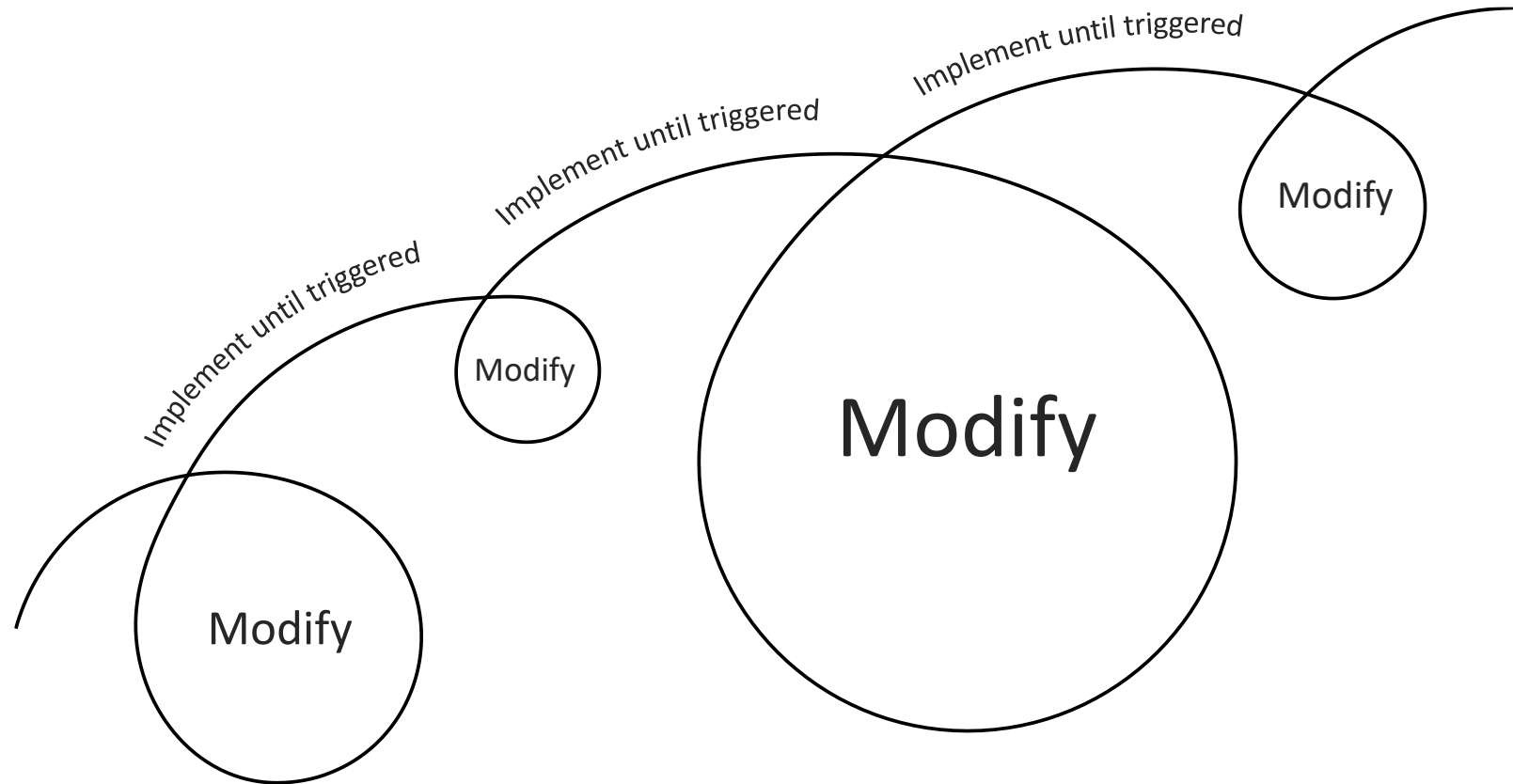
Budget

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One Page Summary

Vision
Mission
Values
Strategy
Implementation

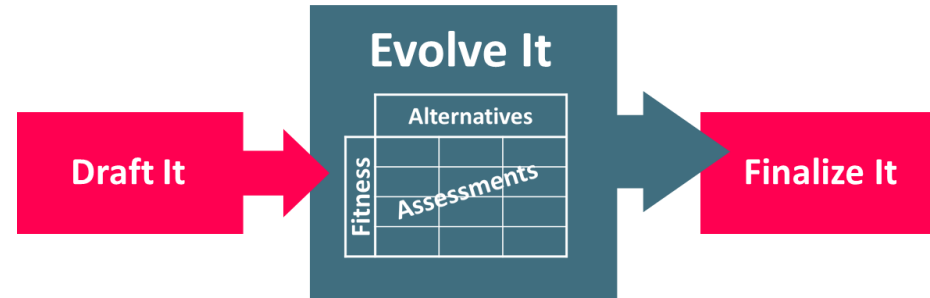
Work on Strategy When You Have To





Five Task Sets

Guidebook to the Approach
(email and password)



Thank You