

### 3. Purpose and Strategy

#### Speaker Key:

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TC	Theresa Collignon

EL Welcome to the Community Colleges Australia podcast on governance. I'm Ellen Leabeater. This episode focuses on purpose and strategy. You'll hear from Michael Newton, and find out how his college, WEA Sydney, approaches their purpose.

MN So, it did take a good year or so, to work through a number of iterations of the words, but all of that was based upon everyone basically understanding what our organisation's background was.

EL But first, I'm joined by David Knowles. David is a partner at Koda Capital, and he is responsible for providing strategic advice to charitable and not-for-profit organisations.

Why is it so important to have a good mission statement?

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DK How do you know what you're trying to do without a mission statement? You can come up with a strategy, but that's an aimless strategy. What... For what purpose does the strategy exist? It can only be because of the mission.

And again, this is a comment directed to non-profits. If you're a for-profit, you've got commercial imperatives and financial goals, and that's why you exist, to make a profit. At a simple level. The non-profit doesn't have that goal. If you make a profit, it's a means to an end. So, what's the end? Why are we there?

EL What's an example of a good mission statement?

DK A good mission statement, for me, has three things in it. Or, there are three things you can say about it.

One is, it's short. Most I see are too long. Secondly, it's specific in some way. Now, it doesn't have to be specific in the sense that we will have done this by this date. That might not be possible or desirable.

In the education space, for example, you might have the aspiration of doing what you're doing on an ongoing basis. With a disease, it may be the opposite, and you may hope to eradicate a disease like polio by a certain date, right? But in some way, it has to be specific, it has to be very brief, and it has to be inspirational.

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So, an example of one: if you look at Fred Hollows Foundation, then very quickly, if you look at even just their web site you'll see that they are about eradicating avoidable blindness. I think they call it ending avoidable blindness, not eradicating. But, it's short, it catches the imagination, it seems possible, and it's specific. We, you know, it's very clear what we're trying to do, when you read that.

So, that to me has the, you know, the essential ingredients of a good mission statement, and it's one that you can quite easily buy into. Which is ultimately as important as it is for people in the organisation, it's really important that people outside of the organisation, who are your supporters, your champions, your advocates, your funders, it's really important that it's easily digested and inspirational to them.

EL What about your statement at... mission statement at Koda Capital?

DK Well, that's interesting, because, we're a for-profit, and, you often have corporate missions, but let me tell you... I'm going to tell you my own experience.

So, within Koda I run philanthropy and social capital. When I came here to set that up with Chris Wilson, who I worked with at JBWere, Chris and I said that we have an opportunity to start with a clean piece of paper, and we really want to have something that has a purpose over and above just commercial goals.

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Now, that took a number of different forms, but essentially, we very quickly came up with what we wanted to be here. And that, that we basically encapsulated as by saying that we wanted to be the natural home for social capital and ideas.

So, we wanted, we wanted the ideas that we came up with to be known by people, and we wanted to be known as a place you could go for help, for support, for guidance ideas. But also, we... in a commercial sense, we need to attract capital to Koda, because that's what the business needs in a commercial sense, okay?

So, for us, we tried to combine the idea that we'd do those two things. And then, beneath that, we set some personal and more private mission, if you like, a more personal and private mission for ourselves, that we would be able to look back on and say we'd done over and above the responsibilities we have at the firm.

So that we could be proud of the work we'd done, and felt we'd helped the community, given the kind of work we do. We felt that was important.

And whilst they're private, the thing I'll say about them that might be helpful, is, we actually call them our tombstone. So, we don't call it our mission, we call it our tombstone, which is an idea I picked up from, I think it was the Victorian Women's Trust in Melbourne. And, I got that idea, and I really like it.

I'll tell you why I like it... it's because missions are forward facing, and tombstones look back. So, we decided that, rather than say, we have an aspiration to do this, we said, let's imagine it... people are looking back and saying, what did they do?

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And we found that was more powerful and a bit more motivating to us. So, we have that, and we call it our tombstone.

EL So, you could have a mission statement and a tombstone, potentially?

DK Absolutely right. I mean, yes. So, in our case, you could say the mission is to become the natural home for social capital and ideas, and then the tombstone, which is a list, you know, lists the other achievements, or the things we've felt we've been able to contribute.

EL What about a bad mission statement? What does that look like?

DK So, what did I say, short, inspirational, and specific... so, obviously the opposite of that.

The two things that I see as the most kind of common problems with mission statements are, often the fact that they're too wordy. Really, make two mistakes:

One is that they drift into the realm of vision. So, the vision might be world peace, but you're not going to achieve that yourself, as an organisation. We haven't done that yet, right? So, realistically, what is your mission if you envisage a world with peace.

So, the ones that stray more into the beautiful vision where everything's perfect, are often problematic, because it doesn't say what you're going to do to contribute to that.

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And the other mistake, is that it really starts to talk about strategy, or just the how you're going to do it. So, your mission is, well, we're going to do this. But, a lot of them talk about by doing this, and this and this, we're going to do this, and we're going to do this, and this is how we're going to do it. All those things might be important and interesting, and they support you achieving the mission, but they're not the mission.

EL If you do see an organisation with a poorly thought out mission statement, what does that say to you about the organisation?

DK I don't think it would be fair to say, well, it says this. A couple of things that come to mind from when I've seen that, or been involved in that kind of thing. Well, first of all, they don't really know what they're there to do, right? So, they've had to come up with something, because they need it. Rather than because they're very clear on it.

So, at its worst, it tells you that the organisation is not really clear on what it's trying to do, and why it exists. That would obviously sound alarm bells.

The other thing it often makes me think, is much more prosaic, which is that a group of 10-15 people have sat around a table and... or worse, you know, the whole... every member of staff's been consulted in an ineffective way.

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And what you've ended up with is, everything has been shoehorned in... everything that came out during that process has been shoehorned in, and no one's been able to say, well, what's the essence? You know, which of those things can be jettisoned? Which of those things are absolutely central to what we do?

If you can't do that, it all goes in, and it's half a page long and doesn't mean anything by the end of it.

EL What about a strategy? How does the strategy interplay with the mission statement?

DK To me, if you have a strategy and there's any lack of alignment between that and the mission, there's a problem. The strategy, to me, only exists to support the mission, okay? So, it's how are we going to get there?

And the essence of strategy for me is... nothing to do with a non-profit, I think it's universal, is competition. So, the strategy essentially is saying, what market do we play in, what market do we operate in, and how are we going to beat all of the others that are trying to win in that market.

Because ultimately, even in the non-profit sector, where we think less about competition, there's competition for dollars, and many other things.

So, strategy is saying, this is how we think we will be able to achieve our mission, and this is how we're going to do it when we're up against others who are also trying to do similar things.

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EL So how... how do you go about designing a strategy?

DK So again, you... I should have probably introduced myself by saying, my name is broken record, because I might sound like one. You've got to start with the mission, because the strategy supports that mission. So, to me, that's the first thing.

Competition is essential to look at, as I just said, you've got to look at the landscape you're in. You can't be ignorant of that or dismiss that, because in this battle to achieve the mission, you're going to have to face others who are trying to achieve it in different ways, or have different objectives that just might undermine your own, okay? So, competition's important.

Then, how do you design it? Input is really important, you've got to decide, and it's not prescriptive, but you must decide who's going to be involved. And it might be for very important morale reasons or engagement reasons that you engage a very wide group of people inside and outside the organisation.

I think it's always wise to consult your stakeholders, however you define stakeholders. But, there's got to be a level of input, so that you can get as many good ideas, and also get a sense of what people expect along the way. I think that's really important.

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EL So we've got the cross-section, we're thinking about our competition and mission statement. Is there anything else that should be in that strategy document?

DK You've got to have very specific goals and targets. Otherwise it's just a... you know, it's a nice aspiration to have. We aim to do this... well, what are you going to do, when are you going to do it by? You've got to be able to know that you've done it. So, it's got to be clear enough to say, well, we actually did that.

The SMART goal, the acronym SMART, is quite useful here, in driving accountability, so I think, specific, measurable, you know, timely, achievable, the other words in that acronym, they're very important in a strategy.

And ultimately, you need to support that with actions. How are you going to do it? Often, I see strategies that are quite high-level, and I often think, that's because you haven't quite thought through what you're going to do, and you haven't got the steps that are going to take you to that objective.

EL And what's that SMART acronym?

DK Yes, so it's, Specific, Measurable, Achievable, Realistic and Timed.

EL And that's everything you need in a strategy.

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DK Well, that's a good way to frame what you say, to keep yourself accountable, right? I think that's really important.

Another way of doing it, is to think about who's responsible. Because if you don't have that accountability, then you might have the best strategy in the world, but you won't actually be able to drive anyone towards it, or hold anyone to account at the end of the strategic plan period, if you've got one.

And there's a framework that I've found very useful to help work out the responsibilities within a strategy. And it's... so I'm going on my acronym love here, aren't I, because I'm now on to a second one straight away.

But, this one is called the RACI framework. R-A-C-I. And the R is responsible, that's who's going to do the work. So, that might be a CEO. Who has the main responsibility in the non-profit, might be the CEO.

The A is accountable, and that is who they're ultimately accountable to. So that might be the board. They don't do the work, necessarily, but they are the ones who are ultimately accountable for the strategy, and to whom all others are accountable. Right? That work on that particular project.

The C in RACI means consult. And consult essentially says, you don't have the right to make decisions, nor are you responsible for them, but you have the right to be consulted. So, you will be told things, you will be able to discuss things, and you'll have the ability to provide input.

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And then finally, the I is inform. And that is usually the largest group, and that might be the general staff within an organisation, say. And they have the right to be informed. They don't have the right then to engage and provide input, and discuss that issue, but they have the right to be told.

EL David Knowles, partner at Koda Capital. Now, for a perspective from a college. Michael Newton is the executive director of WEA Sydney. WEA Sydney was established in 1913, and they are proud of how their organisation has developed over the past 100 years. Michael begins by explaining the differences between a mission statement and an organisation's objectives.

MN They are linked, obviously very much together. You start off by saying, this is what we want to achieve, this is why we think we're here and what we want to achieve.

And of course, to do that, you then give yourself specific objectives to try and meet in that way. Some of those could be demographic objectives; we want to have many more people under 50 than over 50. Or, they could be more specific things about the types of courses that you want to offer.

Here at WEA, for example, we are very determined that we put on at least 40% of our courses in that old-fashioned term, the humanities. Courses in history, literature, and so on and so forth.

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Now, those aren't things which are going to lead specifically to jobs, but the reason why we think they're good, is because they fulfil that ability for people to develop a whole range of other mental and social abilities, which will stand them in good stead in any setting.

EL Is there any example you can think of, where a poor strategy, or a poor mission statement has created problems for an organisation?

MN I don't think it's so much about problems, in that kind of way, but what it does mean, is that without... let's call it leadership. Without the leadership of a college that a mission statement provides, the risk for a college is always that they will just jump from funding opportunity to funding opportunity.

Now, that can be a good thing, of course, it might provide very good courses to meet some government outcomes, it might keep a handful of people employed in the college. But, it does mean that a college like that is susceptible to the constant ups and downs of where that money comes from.

Having a good mission statement doesn't guarantee financial stability. But what it does, at the very least, is guarantee that everyone who's working within the college, what all those people realise that they're doing, is attempting to all go in the same direction.

EL Tell me about the WEA process to develop this mission statement. What did you do, who did you talk to, how long did the process take?

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MN So, it did take a good year or so to work through a number of iterations of the words. But, all of that was based upon, everyone basically understanding what our organisation's background was. Ultimately, we think we got it right, it wasn't a camel designed by a committee. It was something, however, that was quite hard.

EL And, is it a case of sometimes, you'll examine that mission statement and go, well, we need... the organisation needs to pivot, times have changed?

MN Yes, of course, that sort of requirement is absolutely there. Things change for everybody, and change, as we know, has to be embraced, in that way. So, no mission statement can stay cast in stone forever.

But if you feel as though what you're doing still meets what you think is your unique objective, and you feel that that can't be replaced by any other college, then there's nothing wrong with still maintaining that as a basic principle.

EL Who should the mission statement, and the purpose, all the strategic planning, who should be... who's the audience?

MN That's a very good question, in fact, we're very proud of ours, so it's blazoned on everything, from annual report, to brochures, to our website, in that kind of way. Because we say, look, this is what we are, this is what we stand for.

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And we hope that that means that we'll in some ways, both attract people towards us, as well as give them a wider understanding of exactly who we are.

Ultimately, I guess you say it's almost an internal document as well, however. We're all made up of volunteers, we all have a membership base as not-for-profit colleges, we all have those sorts of support systems. And it's a constant need, I guess, to remind those people who support you exactly of what you stand for.

EL If you are a new board member, and you've inherited a mission statement that is a bit wishy-washy or doesn't exist at all, what sort of strategies can you employ to encourage fellow board members to start to think about a mission statement?

MN I think there's some very good documents that flow around now, Community Colleges Australia produce some of them, which are ways of boards to actually identify some of the opportunities that they should be looking at, some of the skills they should have... it's like an evaluation process.

And included in some of those documents are questions that say, do you understand your college's mission statement? And what I would do in that setting, is pass around one of those documents, and look to see whether my fellow board members actually acknowledge that there was a mission statement... they don't have to recite it, you know, like the Lord's Prayer or anything like that, but they have to acknowledge.

And if they couldn't acknowledge the mission statement, or the need for one, or the overall objectives, the reason for being for the college, then I would think that

would be a broad invitation to go back to square one, to guarantee that everyone was on the same page.

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EL Michael Newton, from WEA Sydney. Next episode is all about risk management. Theresa Collignon, from Macquarie Community College, and Phil Butler, from the Australian Institute of Company Directors, will be talking about reputational risk, financial risk, and strategic risk.

TC So, risk will in come in waves, I suspect, but there's always some kind of wave coming. And, knowing whether it's a tidal wave, or a little, little ripple, is probably the bit that's a bit hard to work out.

EL That's available now, on the Community Colleges Australia podcast.

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