

Addressing an Organisation's Sustainability

→ The Challenge:

Getting ready to change the way an organisation works requires a lot of planning and preparation. The challenge is to be ready to identify the change needed.

→ Getting Started:

Many organisations can identify where they are in their lifecycle at any given time as they have a proactive management committee, dedicated staff with current skills in management information systems utilising IT. And many do not. This sheet looks at the internal issues of an organisation seeking to change its funding streams.

Understanding its internal workings is key to how successful the change will be.

It is generally accepted that knowing if your organisation is change resistant or inflexible, steady, or dynamic and responsive, is an important guide to the pace of change that will be adopted by the organisation.

Mixed funding of grants and donations together with some earned income from trading activity is a common model for voluntary and community organisations.

In looking at changing the way an organisation works it is assumed that it has operated successfully in the past, with good book keeping systems, a bank account, a constitution and possible incorporation and management committee, governors, trustees or directors. It is also taken for granted that staff are employed according to employment law with valid contracts of employment, insurance cover, and appropriate payroll systems etc.

- **Governance:** The structure and composition of the board needs to be evaluated. How do they see the change needed? Do they need a facilitator to talk them through the issues and assist with an action plan of what needs to be done?
- **Finance:** The state of an organisation's bank balance will dictate whether the change is urgent or can be introduced in a phased way. Its ability to invest in new activity is also important together with its ability to borrow money if needed.
- **Staff:** Skill levels, motivation and attitude needs assessing as staff must be willing and able to participate.
- **Support:**
 - Identify what support is available and look into it.
 - Are there any role models you could learn from?
 - Are there potential partners who would join forces with you if need be?
- **Finally:**
 - Where are you going?
 - What's your vision for the organisation?

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Summary points:

• Getting ready is often about embracing change:

Take stock of your current situation:

- Governance
- Finance
- Staff

Identify where the organisation needs to be in the future:

- Vision - DEFINE
- Mission – DEFINE
- Aims
- Objectives
- Activities
- Outputs
- Key stakeholders

? What and Why:

• Expand on what the challenge is and the activities associated with it.

- Identify where the organisation is going
- What is involved?
- Who will deliver it?
- At what cost?

• How does the activity align with the organisation's mission / values / aims / objectives?

Does the new activity still align with your mission or would it be better to set up separately linking to your original organisation through ownership?

• How will the activity improve the financial sustainability of the organisation in the short, medium and long term?

- What return do you expect and require from this activity after all costs have been covered?
- What other benefits will there be?
- How does the activity fit in with the organisation's long term strategy?

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? • How?

• What were the key steps in establishing the activity?

- Involve the board and the staff in planning.
- Don't reinvent the wheel – who else is doing this type of activity, and what can you learn from them?
- Conduct a feasibility study of what is involved and how it will achieve expectations.
- Establish a funding strategy that incorporates the new activity.
- Produce a cash flow forecast of your needs and expected income.

• What additional resources / skills were identified as being needed by the organisation to progress the activity?

Financial: If your idea seems ambitious don't rule out possible loan assistance instead of or as well as grant support.

Personnel (staff, volunteers, board/trustees): Review who is involved and what expertise you need to make the change a success. Where possible draw on the skills of partners, funders, board members and volunteers.

IT: Essential. Will you need to invest in IT systems as part of the new project?

Assets: What have you got? Can any of it lever in new finance? What do you need? How will you get it?

Monitoring and evaluation: Who will keep an eye on progress and how will you share it with your board and staff?

? • Who's Involved?

• How will the stakeholders be brought on board?

Internal:

Staff: Existing pool or new people? On what basis will new staff be required – temporary, consultancy, permanent etc?

Volunteers: Evaluate what you need as part of the initial audit – volunteers may not wish to engage in trading activity.

Board: Ensure that the board is fully supportive and comfortable with the direction that the organisation is taking.

Do you have all round skills on the board in finance, PR, sales etc?

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Who's Involved? (Continued)

• How will the stakeholders be brought on board?

External:

Funders: Continuing to seek grant funding and new business may form part of an organisation's strategy. What will yours be?

Service Users: There may be occasions when they should not be aware of any change and other times when they will be affected. Consultation should indicate how this needs to be handled and if support during transition could be easily offered by the organisation. Attracting new service users may also be relevant.

Local Community: May be of interest to local interest groups eg environmentalists.

Commissioners: Relationships must be built with commissioning agents so they are aware of who can deliver what. Try to glean information from commissioners on what future services will be commissioned, enabling you to plan capacity ahead.



Why Not?

• What risks were identified in establishing activities?

Personnel: Do management and staff have the appropriate skills and confidence to move with change? e.g if taking on a building, the appointment of a buildings manager would be appropriate to deal with building maintenance, tenants etc.

Financial: Will your plans be adequately resourced? Ensure that core costs will continue to be covered. Do you have sufficient cash flow to support the initial period of trading?

Existing provision: Do current activities lend themselves to commissioning, service level agreements, contracts and even commercial markets and if they do are there mechanisms to control quality and monitor delivery? How big is the divide between what the organisation wants to do and what it would need to do to survive?

Other: What are the other pressures on resources? Will trading compromise existing activities by detracting time and resources from them?

• How were these risks managed?

- Manage risks on an individual tailored basis, probably with advice from professionals such as banks, legal advice, accountants etc.
- Ensure sufficient support to enable management to manage.