

Is the 3rd Sector Ready to Change?

Delivering strategic agility



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Foreword

In this paper, Equantiis' consultants address the challenge that the Not-for-Profit sector has in delivering strategic agility with business transformation.

It is determining what a digital transformation is, why it is needed, who it will affect and planning for success. On the point of success, it is important to understand what the organisation's measure of success is to ensure that the ROI can be realised.

At Equantiis, when our consultants work with organisations to deliver transformations, we are dealing with a number of elements of change in a transformation that need to align back to the overall Strategy. Firstly, we need to make sure that the right framework and strategies are in place before we get started with a transformation. In this paper, we outline the framework and challenges to get you started.

CHANGING FIGUREHEADS

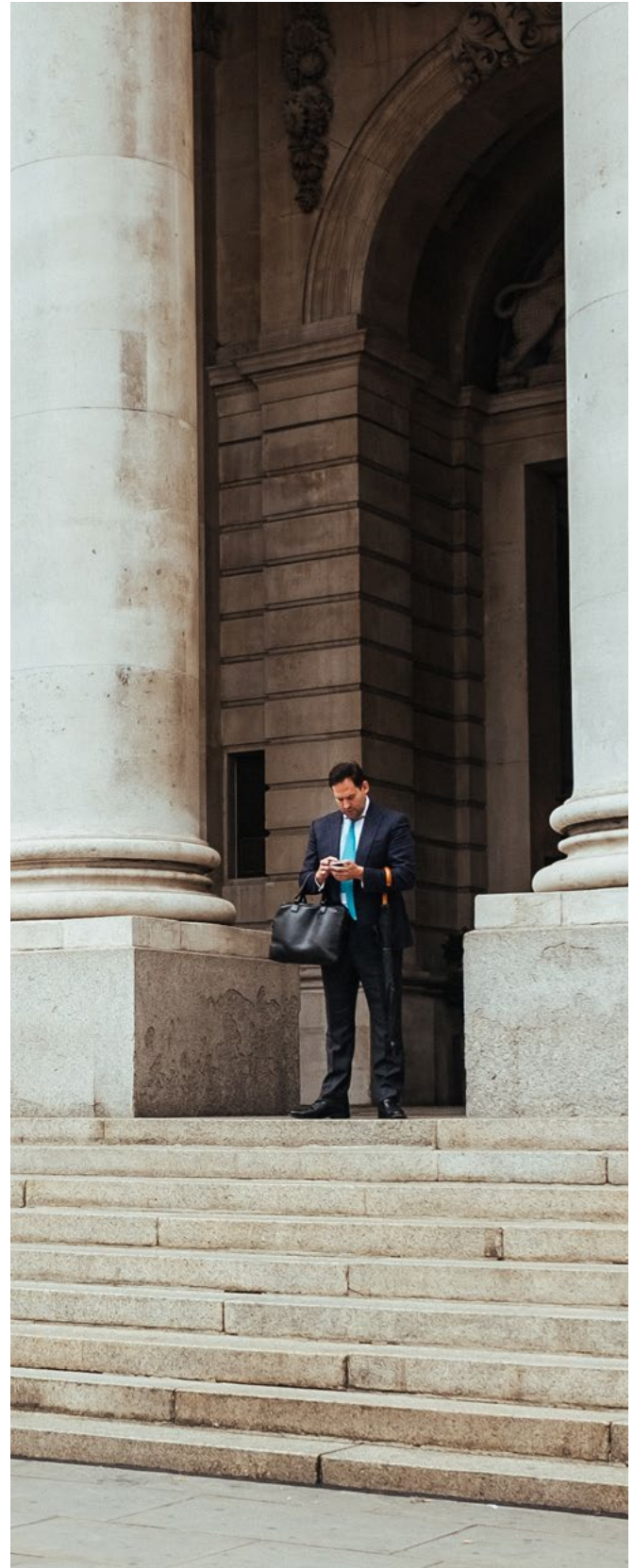
“Each elected Board or Council Member may bring a unique agenda that could conflict with the organisation’s strategic aims.”

Traditional Board or Council structures elect new President or Chair roles for a given term. Each elected member brings a new and unique view but sometimes their personal aims or expectations may conflict with the overall direction of the organisation’s strategy. This can mean that existing projects or tasks are challenged, changed in scope or stopped altogether, which is a challenge for internal staff who need to adapt and evolve with these changes, but still meet their targets.

The term of office for some of these roles can be short; some terms of office are only two or three years, other organisations only have a one-year term – and this might mean a seemingly ever-changing focus, potentially away from the organisation’s strategy.

Officers are elected members, usually distinguished or experienced in their profession or field of expertise; however, they are not necessarily experienced or experts in strategy or transformation.

Senior Management Teams are tasked with keeping their Boards and Councils focused on the Mission and Vision but often need them to approve or support the Strategic plan to deliver them. The time required to induct, influence and leverage can be lengthy, and is repeated for each term.



CHANGING FIGUREHEADS

NFP organisations will always have constant change within its Boards and Councils, so it's essential to find ways to manage this challenge. Collectively the Board must remain focused on the delivery of the Mission and Vision and the underpinning Strategy, and the senior staff team must ensure that this happens by challenging any Board activity which doesn't tie back into the organisation's Strategy.

Many NFP's now carry out new Trustee or Board member induction sessions, to ensure new joiners are brought up to speed and understand the overall Strategy as quickly as possible. Some are also enhancing the election process by creating Job Descriptions which candidates are asked to respond to as part of their hustings. Others are co-opting members to the Board, specifically targeting those with specific skills or experience to create balance.

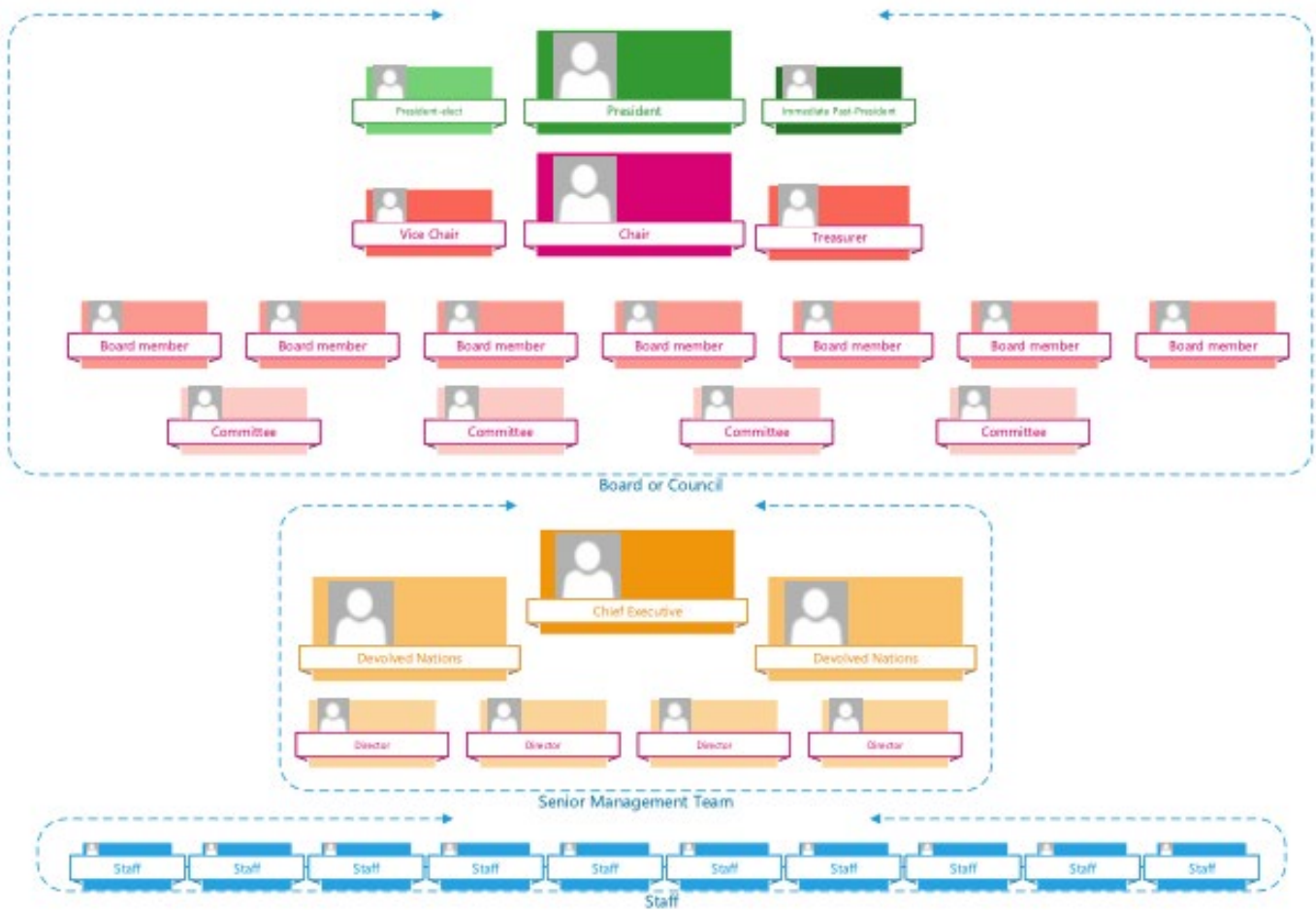


Figure 1 - Typical NFP Structure

SOLUTIONING

“...Customer-driven strategic business transformation ... requires cross-cutting organisational change as well as the implementation of digital technologies”

The NFP sector seems determined to put new technology in first and hope that it will transform the business just by being present. Organisations are continually solutioning:

“We need a new CRM; our legacy system is a huge problem”

and

“Once we have a new website, we’ll be able to deliver courses more easily”.

At Equantiis’ Digital Leaders’ Summit (Summer 2019) only half of attendees had a Strategy and just over a third had a vision, yet they had either started or had begun planning a Digital Transformation.

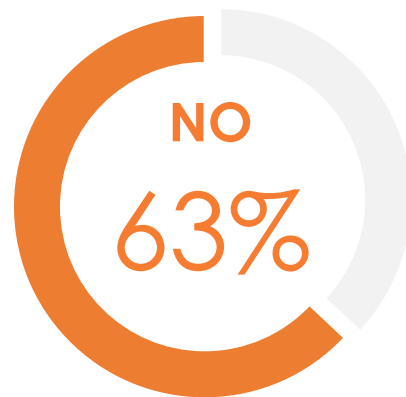
An organisation’s Strategy sets the tone for any transformation project.

Membership/Association bodies must stop believing that new technology alone will transform them. The starting point must always be the Strategy, which is the plan for delivering the Mission and Vision.

Does your Organisation have a Transformation Strategy?



Do you have a clear, actionable vision for change?



Are you confident in your ability to deliver change?



SKILLS AND CAPACITY

“ [Project Management] skills ... range from leadership, being able to motivate and encourage others ... good communication and decision-making abilities, to managing risk, budgeting and project planning. .”

When embarking on a change programme, organisations must consider the skills and capacity of their staff. Organisations place huge importance on Digital Transformation Projects, yet they don't invest in the right resources to deliver them.

Most organisations ask existing staff to take on project roles without back-filling or supporting their BAU (business as usual) work. It's also important to consider other projects and busy periods including renewals, annual conferences, Council meetings, etc.

Projects are often more effective when project staff are provided with a dedicated project space away from BAU activities and away from other staff and distractions.

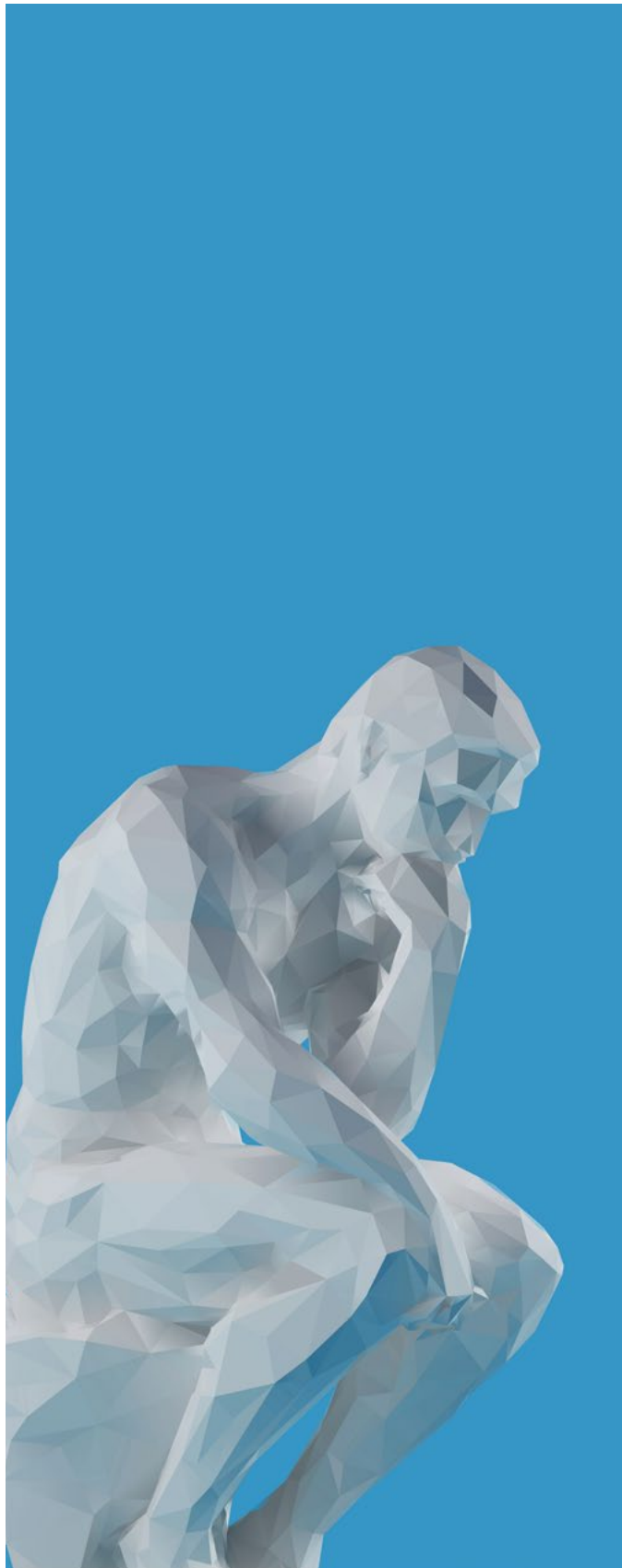
Successful projects diarise staff project time or backfill roles to free up key staff such as Subject Matter Experts (SME's). When completing a Business Case, organisations should include a budget for resources, specialist skills or backfilling key staff.

Existing staff are not always skilled Project or Change Managers. The role of the Project Manager is to coordinate these areas:

- **Manage with good governance**
- **Communicate effectively**
- **Have senior leadership buy-in**
- **Deliver against the organisation's overall strategy**

The Change Management element of a Project focuses on the people affected by the project. It's often the part organisations forget about and so is the reason why staff don't engage effectively, which can adversely affect project success.

NAVEL GAZING AT THE EXPENSE OF A WIDER VIEW



In our experience, Equantiis meet a lot of organisations saying that they need a new CRM, whether it is to replace a legacy system just because it's old. Why? What's the point of getting a new CRM if it's not going to have an impact on external delivery?

In this day and age, there is a lot of work to do before you even start to think about implementing new technology. If you don't do the upfront work you will be investing a lot of time, resource and energy implementing a system and not getting the best ROI or buy-in.

“A lot of organisations will look at implementing technology as an internal project.

No, no, no. Stop!”

To get the best ROI, organisations should set up a programme of activity to make sure that they understand what their members and customers need and how this overlaps with internal processes. Get that right, get the senior management buy-in, and you'll have a successful technology implementation.

Different directorates can appear locked in battle. The conflicting priorities of an organisation are arranged by business function, not with the customer in mind.

Get the foundations in place with the right resource, the right leadership, the right programme team to get your transformation programme rolling. Make sure your programmes align to your business strategy, your commercial strategy, that you have a communications strategy in place and have change management figured out before you begin.

Have you defined the measure of success? How does the organisation set up impact project success or failure?

Make sure you cover off these risks:

- **Directorates with different targets and budgets vying for the same level of importance/CE's time/investment pots/staff to work on them.**
- **Projects run by departments rather than Programmes – lack of Programme oversight.**
- **Lack of project experience**
- **No Project Management Office (PMO) to run or govern the project**
- **Project Managers and project team members trying to do Business as usual (BAU) tasks as well as the project**

CREATING A LASTING RELATIONSHIP WITH YOUR SUPPLIER

“The chemistry of the people you will be working with matters.”



When you go through the thorough process of procurement for a service or system you are looking for a Partner in the true sense. This is a relationship that should last for years. With this in mind, don't just choose a supplier on price. The chemistry of the people you will be working with matters.

You need to find the balance between working with a supplier team harmoniously as well as being able to hold them to account at the same time.

How do you strike the right balance? Look at the criteria by which you choose your partner. It's so important. You don't want to be in the position of kissing a lot of frogs to find your prince.

Chemistry meetings are really important. Equantii has seen, many times, that during the procurement process, that on paper the supplier may be the forerunner but when it comes to chemistry meetings, this all changes. That's okay. It's normal.

Set proper criteria during the procurement process bearing ALL these elements in mind because you will be working alongside your chosen supplier for many years to come.

CHANGE MANAGEMENT

“The chemistry of the people you will be working with matters.”

Change management is a collective term for all approaches to prepare, support, and help individuals, teams, and organisations in making organisational change. The most common change drivers include:



.. **Technological evolution**



.. **Process reviews**



.. **Supporter habit changes**



.. **Regulatory and external forces change**



.. **Pressure from competitors**



.. **Acquisitions, mergers, splits and organisational restructuring.**

Change management includes methods that redirect or redefine the use of resources, business process, budget allocations, or other modes of operation that significantly change a company or organisation.

In major transformations the focus is normally on devising the best strategic and tactical plans. But to succeed, you must also consider the human side of change management – the alignment of the company’s culture, values, people, and behaviours – to encourage the desired results. Plans themselves do not capture value; value is only realised through the sustained, collective

... Change Management

When CEOs involved in transformation are asked what keeps them up at night, often say they are concerned about how the work force will react, how they can get their team to work together, and how they will be able to lead their people. They also worry about retaining their company's unique values and sense of identity and about creating a culture of commitment and performance. Leadership teams that fail to plan for the human side of change, otherwise, senior management often find themselves wondering why their best-laid plans have gone awry.

This set of 10 guiding principles for change management sets out the essential elements to ensure success.



Address the “Human Side” Systematically

A change management strategy should be developed early and adapted often as change moves through the organisation, beginning with the leadership team and then engaging key stakeholders and leaders. This involves data collection and analysis, planning, and implementation discipline as does a redesign of strategy, systems, or processes.

The change management approach should be fully integrated into program design and decision making. It should be based on a realistic assessment of the organisation's history, readiness, and capacity to change.



Communicate the Message

The best change programs reinforce core messages through regular, timely advice that is both inspirational and realistic. This should be part of your communication strategy.



Leaders Must Speak with One Voice

When a change is on the horizon all eyes will turn to the CEO and the leadership team for strength, support, and direction. Change is unsettling at all levels of the organisation.



4

Involve Every Layer

so that change “cascades” through the organisation. At each layer of the organisation, the leaders who are identified and trained must be aligned to the organisation’s vision, equipped to execute their specific mission, and motivated to make change



5

Make a Formal Case

- a. Articulate a convincing need for change.
- b. Demonstrate that the organisation has the leadership to get there.
- c. Provide a roadmap to guide behaviour and decision making. Leaders must then tailor this message for a variety of internal audiences, describing the pending change in terms that matter to the individuals.



6

Ownership

by leaders willing to accept responsibility for making change happen in all of the areas they influence or control.



7

Assess the Cultural Landscape/Readiness

Identify possible conflicts, resistance and leadership. Identify the core values, beliefs, behaviours, and perceptions that must be taken into account for successful change to occur.



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8. HAMSTRUNG?

“Is the NFP sector its own worst enemy?”

All organisations have constraints, but they should be part of an actionable plan for change, not an excuse or reason not to change.

Whilst Councils, Byelaws, Regulations, Articles of Association, Charters may be seen as constraints, they alone do not stop organisations from transforming. If they are truly prohibitive to transformation, it is possible to bring them up-to-date.

Whilst this may take some time, it can be factored in to the overall plan. In the meantime, there may be supporting changes, such as processes or structures, underpinned by enabling technology, that can be addressed.

Do NFP organisations want to transform? Digital Transformation sounds like a good phrase, but in reality, are organisations often actually doing a “replacement IT project”. When it comes to designing a new system, many organisations don't use the opportunity to improve processes and customer experience, essentially unplugging one system and plugging in another and expecting it to solve problems which are in fact undefined.

Often, the types of people attracted to the not-for-profit world are different to the commercial sector. Trustees are elected professionals or experienced achievers, but they may not have the business or commercial skills required to drive Digital Transformation. How will the NFP sector address this skills gap? Successful organisations overcome this by taking positive steps to attract people with the right skills and experience to drive change.

For some NFP organisations members and supporters aren't treated as a customer — and Sales is a dirty word! Yet all NFP organisations are selling, whether it's subscriptions, qualifications, events, publications, sponsorship opportunities, they all have targets to meet.

This sector doesn't have to compromise its Vision or Mission by focusing on its members and supporters as its core customer, in fact it must do so to ensure it delivers value and retains their support.

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EQUANTIIS



EQUANTIIS

The logo features a large, stylized orange letter 'Q' with a white outline. Below the 'Q' is the word 'EQUANTIIS' in a black, sans-serif font. The 'Q' has a small white dot above it, and the 'I' has a small white dot above it.