



Growing organisational effectiveness and sustainability in the not-for-profit sector

Organisational challenges in the “new normal” environment

In the current low growth global environment organisations are finding it increasingly difficult to achieve their financial goals. Our research reveals that it requires a different thought process and focus for organisations to consistently meet their financial goals and be sustainable over the long term.

This different thinking and focus is illustrated by Insync's Profitable Growth Cycle[™]. Having partnered with a myriad of not-for-profit organisations over the past five years, we believe that lessons from the Profitable Growth Cycle can help tackle the following sector-specific challenges:

- 1 Attracting and retaining employees with the requisite skills and capabilities
- 2 Understanding and meeting the needs of clients
- 3 Lifting organisational capability and making ongoing improvements
- 4 Demonstrating impact of programs, securing funding and ensuring sustainability

Insync's Profitable Growth Cycle

“The Profitable Growth Cycle illustrates how organisations can create a virtuous cycle that starts with employee empowerment and support, and ends with achieving sustainable revenue and profitable growth.

In the NFP context, the desired outcomes from this cycle are meeting client needs, demonstrating the efficacy of its programs, securing ongoing funding and continuing to invest in its employees and programs to ensure the organisation's long term sustainability.

Driver 2: Employee engagement & retention

When employees are empowered and supported, they are much more likely to think and feel positively about the organisation. They are also more likely to exert discretionary effort for the benefit of the organisation.

These employees:

- Believe their own success is important for the organisation's success
- View challenges at work as good learning experiences
- Are satisfied with their jobs
- Can envisage a future for themselves in the organisation

Driver 1: Employee empowerment & support

To fulfil its mission and ensure its sustainability, an NFP's employees must be empowered and equipped to do their jobs well.

Employees of effective NFPs:

- Understand the organisation's strategy
- Can link their actions to the organisation's goals
- Understand the standards expected of them
- Get the training and development they need
- Receive good internal client service
- Receive effective recognition and reward



Profitable growth/organisational effectiveness and sustainability

The 5 drivers of the Profitable Growth Cycle are critical for improving organisational effectiveness and demonstrating the impact of an NFP's programs.

By investing in its employees, engaging and retaining its employees, understanding and meeting its clients' needs, investing in productivity and innovation, and enlisting its clients as loyal advocates; an NFP can secure and increase the funding it needs. This will enable the organisation to continue offering its programs to clients and make it sustainable over the long term. Continued funding allows NFPs to reinvest in its employees and thereby reinforce a virtuous cycle that will continue to build on itself over time.



Driver 3: Client focus & engagement

Highly motivated and experienced employees lead the organisation's efforts to understand and meet client needs. They also build deep relationships with their clients based on trust and commitment.

Effective NFPs:

- Regularly ask their clients how they can serve them better
- Implement systems that enable them to serve their clients well
- Ensure that they meet client expectations relating to how and where the service is delivered
- Respond quickly to client queries
- Ensure mistakes are quickly rectified
- Build trust with their clients
- Build commitment with their clients

Driver 4: Productivity & innovation

Effective NFPs are committed to meeting current client needs efficiently and also to anticipating and responding to client needs as they evolve. They don't only rely on the commitment and experience of their employees, they also partner with their clients to drive productivity and innovation.

Effective NFPs:

- Have work groups that are committed to improving productivity
- Use challenging goals to increase performance
- Ensure that systems perform well together
- Are committed to bringing innovative services to their clients
- Have senior leaders who encourage innovative and creative ideas
- Equip work groups to cope well with change

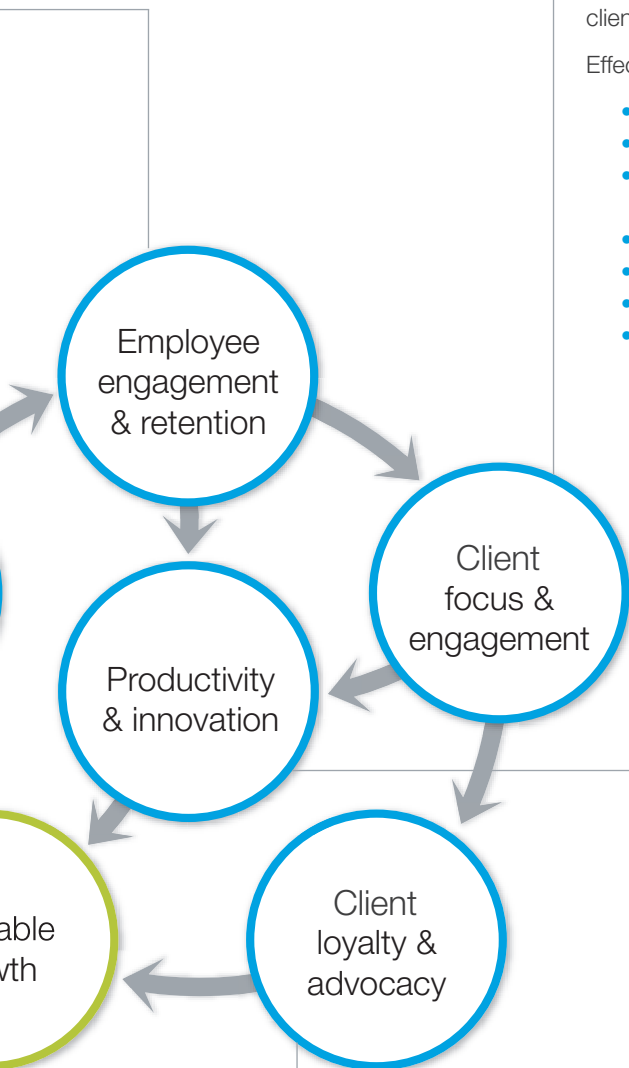
Driver 5: Client loyalty & advocacy

As a result of their focus on client needs and ability to engage effectively with their clients, effective NFPs achieve much greater client loyalty and advocacy.

In particular their clients are much more likely to:

- follow through with their programs
- recommend their services to others

Client loyalty and advocacy are indispensable requirements for demonstrating the effectiveness of an NFP's programs and securing ongoing funding to continue offering the programs to clients.



6 steps to make Insync's Profitable Growth Cycle work for your organisation

1. Trust the process

While executives of NFPs must ensure that their organisations achieve their funding and expenditure targets, numerous research studies demonstrate that the best way to get there is to understand and apply the linkages between employee engagement, customer engagement, productivity and innovation.

2. Invest in employees

Without passionate and committed employees an NFP is unlikely to achieve the required outcomes for its clients. To deliver on your promises to clients and the community, you must recruit and retain capable people who are committed to the organisation's mission. A well-constructed employee value proposition (EVP) is critical. Your EVP must find a good mix of meaningful work, personal development, work-life balance and appropriate reward and recognition.

3. Revisit your strategy

Competition is increasing in all sectors. Your strategy must clearly specify how your organisation is different, identify your core competencies and define how you are uniquely placed to execute your mission more effectively than others. If your organisation is falling short of its goals, examine whether your strategy has enough focus on differentiation and specialisation. You should also evaluate how effectively the strategy has been communicated to employees.

4. Prioritise productivity and innovation

Without efficient, integrated systems your organisation will not be able to serve clients effectively. Poor systems have a big impact – not only do they reduce efficiency and productivity, they also negatively impact employee morale and engagement. You must ensure that your systems are fit for purpose and support streamlined operating processes. You also need to support innovation and ongoing improvement by creating an environment that permits reasonable and managed risk taking, encourages experimentation and learning from mistakes and provides an impetus to partner with clients to continue doing things better.

5. Build deep client relationships

NFPs must achieve good outcomes for (and with) their clients within a specific budget envelope. We believe that organisations should go beyond simply delivering outcomes and also build deep client relationships. Clients will trust your organisation and be committed to it when they believe your employees have their best interests at heart, when employees respond quickly to queries and when they can be relied upon to resolve issues or delays. Building deep relationships with clients will increase client loyalty and advocacy, which is critical for knowing that you are delivering your mission and will be able to continue delivering it.

6. Measure and act

Metrics relating to the 5 drivers of Insync's Profitable Growth Cycle are largely lead indicators which will give some advance notice if the lagging financial indicators are likely to underperform. Early warnings will enable the organisation to respond much more quickly and fix any underlying issues that could drag down its performance. Metrics must be cascaded throughout the organisation to ensure that everyone is contributing in the right way. A well balanced set of metrics will also guide you in how to best invest your time, energy and money to continue building a robust and resilient organisation.

If you'd like a copy of the full research report or you would like to discuss Insync's Profitable Growth Cycle in detail, please contact Murray Chapman on 03 9909 9227 or mchapman@insyncsurveys.com.au