Organisational self-appraisal framework:

Please tell us how it works for you

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A self-appraisal framework:

Please tell us how it works for you

The Northern Rock Foundation Third Sector Trends Study has led to some conclusions about how best to study the way that third sector organisations (TSOs) work. And now we'd like you to help us test it out.

We don't think that there's much point in producing a formal typology of organisations in the third sector based on, for example, legal form, size, purpose or structure. Instead, we think that *organisational ethos* and *approach to governance* tells us more about what makes organisations successful.

> **"Good governance means that a TSO has sufficient resilience (in good times or bad) to organise its assets (of people, resources and ideas) and to achieve its mission (to have the desired impact on its chosen constituency of beneficiaries)."**

TSOs, and especially the larger organisations that employ staff, need to address many issues to be successful. We have produced a list of 20 things they need to do under four headings: *foresight, enterprise, capability* and *impact.* You can find the detail in the four charts in the pages that follow.

- **Organisational foresight**: *'the capability of an organisation as a whole to be able to anticipate change and develop strategic plans to accommodate to or exploit opportunities arising from change. Change is considered on three levels: change in the external economic, political and cultural environment; change in the organisation itself; and, change in beneficiary needs'.*

- **Organisational enterprise:** *'the organisation's capability to marshal its resources and prioritise its energies to achieve the objectives it sets itself in its strategic mission. Enterprise is the means by which the organisation successfully positions itself in order to generate, find or win opportunities which will ultimately help its beneficiaries'.*

- **Organisational capability:** *'the ability to employ, manage and develop its resources in order to achieve its strategic objectives. All of the resources of the organisation are considered including: its trustees, employees and volunteers; its financial resources; its property; and its relationships with partners, funders and other key stakeholders'.*

- **Organisational impact:** *'the organisation's capability to serve its beneficiaries effectively and to make a wider contribution to the community of practice within which it works, to the third sector in general, and to civil society broadly defined. Crucially, this involves the ability of the organisation to understand its impact and to be able to communicate this effectively to outsiders'.*

We think that running a TSO is a bit like 'walking a tightrope'. By which we mean that TSOs have to balance many things all at once whilst still moving forward. So it's not just a case of choosing which factors Boards, CEOs, staff and volunteers *want* to tackle while avoiding other things they *need* to tackle.

This is not a tool-kit! Far from it. It's more like a mirror you can hold up to see your own reflection. And what you see, hopefully, will help you to put energy into those factors which may be causing you more trouble than you thought, and putting more resource into areas which will really benefit the people you work with.

It's a bit like making a cake. And we've lined up the ingredients for you, but you need to work out what the best recipe is for your organisation to succeed - because every organisation is different.

Please tell us how it works for you by email: tony.chapman@durham.ac.uk; j.f.robinson@durham.ac.uk. Or write to us at POLICY&PRACTICE, St Chad's College, Durham University, 18 North Bailey, Durham, DH1 3RH.

Does your organisation have sufficient foresight to tackle the challenges of the future?

Strong organisational practice	Indications of weaker organisational practice
Knows what they are there to do and who they serve: has a clear understanding of who its beneficiaries are; knows how it can best serve its beneficiaries.	It is possible for a TSO to know who they are there to serve and know what they are there to do whilst, at the same time, failing to take the right steps to achieve their objectives. Drift from core mission may be a common factor in undermining organisational effectiveness.
Plans on the basis of realistic appraisal of capability: knows how to assess opportunities; knows what its capabilities are and can match these with its ambitions.	Losing the connection between mission and practice is, in weaker organisations, often associated with a failure to understand organisational capability (or the potential to develop it) and therefore take on new activities for which they have insufficient skill, experience or even interest to do properly.
Leaders are focused on longer term objectives: leader(s) focus on 'big picture' objectives; organisation plans its activities with its principal objectives in mind.	Most organisations find themselves at the mercy of sudden change from time to time. That can result from the loss of key staff, trustees or volunteers; or from unexpected external factors. Good organisations can weigh up what the significance of these changes is for the longer term – rather than reacting too quickly and unwisely. Keeping a big picture perspective is hard but necessary.
Governing body understands aims and supports plans: governing body has the right skills mix, energy and commitment to develop and support organisational objectives; governing body works with 'one mind' once agreement has been reached on the organisation's objectives.	Good governance requires a balancing act. Boards which are dispossessed, uninterested, unimaginative, inadequately skilled and insufficiently knowledgeable, intrusive, over ambitious, combative, divisive, destructive and delusional can make poor decisions. Unbalanced boards rarely speak with one mind or effectively communicate what they want to happen – producing uncertainty and inefficiency.
Would consider making hard decisions in response to challenges: organisation remains focused on its principal strategic objectives if faced with new opportunities or a crisis; organisation contemplates radical action to ensure continued service to its beneficiaries (such as downsizing, merger, closing).	Making difficult decisions and communicating them effectively is a critical success factor in TSOs. Organisations which prevaricate or bury their heads in the sand rarely prosper over time. Often crises occur over resource constraints producing a tendency to protect the interests of people who work and volunteer in a TSO – perhaps at the expense of the needs of beneficiaries.

Does your organisation approach enterprising activity in the right way for you?

Strong organisational practice	Indications of weaker organisational practice
Knows how to spot and assess opportunities: organisation has knowledge and a clear understanding of where opportunities might present themselves; organisation has a mechanism to undertake successful opportunity appraisals.	TSOs which react to opportunities on the near horizon without proper appraisal of the potential longer-term consequences of such action for achieving their mission often find themselves in hot water. Weaker TSOs cannot distinguish between good opportunities and bad ones.
Knows when to compete or cooperate with others: organisation knows who its potential competitors or partners are and understands its relationship with them; the organisation has a clear understanding of its reasons for choosing to compete or cooperate.	TSOs which refuse to contemplate cooperation because they want to win everything for themselves often fail to achieve their potential. Conversely, organisations that throw themselves into marriages of convenience without due diligence face almost inevitable problems as a consequence. Decisions to compete or cooperate, when taken lightly, may well produce problems.
Uses innovation to meet beneficiary needs: the organisation employs innovative practice with the sole purpose of meeting the needs of its beneficiaries; the organisation know how to learn from its own and others' innovative practices.	Innovation in practice is less common than we expected when this study was started. We are respectful of those organisations which know what they do well and exercise continuous good practice rather than constantly experimenting for the sake of it. False claims about innovation to win bids may be exposed soon enough.
Has an organisational culture which is responsive to change: the organisation has the ability to marshal all its resources to address new challenges and opportunities; the organisation communicates with and successfully prepare its people for change.	TSOs which are unresponsive to internal or external change can miss good opportunities or fail to tackle issues which need attention. Some organisations change too readily without proper regard to the potential consequences. In both cases there can be a chasm between decision making and communication with staff and volunteers which can cause uncertainty, insecurity and inefficiency.
Maintains useful relationships with stakeholders to help achieve aims: the organisation maintains positive relationships with relevant external stakeholders; the organisation knows which networking or relationship building opportunities to prioritise in order to pursue its objectives.	Some TSOs can be insular or secretive and fail to communicate fully with organisations which support or resource them – leading to loss of trust. Other TSOs work hard to project and promote their organisation's interests, but sometimes do so without first having established clear strategies to achieve their objectives. This can produce opportunity overload and constantly skew organisational mission.

Do you fully recognise and pay sufficient attention to building your capability?

Strong organisational practice	Indications of weaker organisational practice
Staff, volunteers and trustees are properly prepared to perform their roles: the organisation employs effective strategies to inform and train its staff [and volunteers] to undertake their roles successfully; the organisation understands how to motivate its staff to maximise their potential.	Most TSOs prepare staff and volunteers well for the roles they perform, in line with statutory requirements. But more focused training and staff development can be limited. The 'fire-fighting' culture of poorly governed organisations tends to put this issue down the priority list. There is a risk that, when TSOs shift quickly from their core mission, and take on work which is beyond their capability, staff can struggle to cope and become frustrated or demoralised. Failure to invest appropriately in staff is a good indicator of problems in other areas.
Is appropriately 'professional' in approach to practice: the organisation approaches its work in such a way as to win the confidence of its beneficiaries, funders and other key stakeholders; the organisation knows how to deal with trustees, employees and volunteers who could or do undermine their professionalism.	Professionalism is essential to organisational success and most organisations achieve this. Serving beneficiary interests is generally at the heart of the organisation, and care and attention is given appropriately. But if staff and volunteers are stretched or underprepared for their roles, the impact of work can be undermined. Staff, volunteers and trustees with behaviours that challenge organisational credibility are not dealt with adequately in weaker organisations.
Can work effectively with other organisations: the organisation prioritises the maintenance of effective and productive relationships with the TSOs with which it works; the organisation knows when and how to adapt its own practice preferences in order successfully to work with other organisations.	Lack of reliability, dependability and low levels of inter-organisational diplomacy in partnership relationships can undermine the confidence of other organisations. Not maintaining dialogue with funders and partners about inflexibility or changes in the ways things are done can produce serious problems about TSO's credibility.
Plans and manages finances effectively: the organisation has the appropriate skills and systems in place to plan and manage its finances and budgets successfully; the organisation plans its use of financial resources successfully to maximise its impact on serving beneficiaries.	Not managing finances effectively in practical day-to-day terms is relatively uncommon. Organisational strategies surrounding resource allocation are often weak, however, in less well managed organisations. This can result in staff and volunteers being stretched in terms of time and resources, which can undermine their motivation and confidence. Trying to push resources a long way to achieve maximum impact is a laudable aim – but doesn't usually work in the long term.
Understands and implements relevant procedures and practices: the organisation has sufficient knowledge and understanding of its statutory responsibilities; the organisation has (or has access to) appropriate systems and processes to manage its responsibilities.	Few organisations lack awareness of statutory responsibilities and generally comply readily with them. There is little evidence to suggest that TSOs are overloaded with bureaucratic procedures imposed by outside agencies of government or other funders.

What does success look like for you? How good are you at assessing the impact of what you do?

Strong organisational practice	Indications of weaker organisational practice
Communicates role and impact successfully to relevant audiences: the organisation adopts and maintains appropriate media to communicate its purpose, activity and successes; the organisation prioritises the resources it commits to its communications strategy to maximise organisational benefit.	TSOs have very different needs in this respect, depending upon their scale and activity - which makes generalisation difficult. Some weaker TSOs mistakenly believe that a good communications strategy will resolve other deeper problems and may over-invest in this aspect of practice. Others, which practice well, may expect potential admirers to beat a path to their door - but may be mistaken in this.
Beneficiaries are appropriately involved in shaping organisation's activities and development: the organisation ensures that it maintains awareness of its beneficiaries' changing needs; the organisation ensures that beneficiaries have an appropriate role to play in shaping the organisation's strategic mission	Beneficiaries are not always fully and directly involved in shaping organisational mission and strategy and this can sometimes be justified. Where it is not justified, lack of engagement can produce unhealthy social distance between TSOs and their actual (or potential) beneficiaries and substantially weaken the quality of service provision. The poorest TSOs do not even recognise that they are out of touch with their beneficiaries.
Benefit to users is assessed and considered: the organisation adopts appropriate methods to record, monitor and report upon its impact; the organisation acts upon its intelligence on user impact to maximise the benefits to the people who use its services.	Assessing and considering the impact of practice is vital in all TSOs, but the methods adopted to do this vary, depending upon scale and activity. Some of the poorer TSOs may monitor impact under duress and miss opportunities to learn about themselves. The poorest TSOs retain a very strong, but misplaced, belief in their capability because they fail to assess or notice evidence about underperformance in the production of benefit.
Makes a positive contribution to the third sector: the organisation makes a positive contribution to its own 'community of interest' within the third sector; the organisation makes a positive contribution to raising the esteem, impact and reputation of the third sector in wider terms.	Some of the weakest TSOs are insular and isolate themselves from outsiders - suggesting an unwillingness to learn about themselves. If they gave more by contributing to their community of interest or practice, they could gain benefit. Some TSOs neglect their own organisational interests by becoming too preoccupied with sector politics – believing that being in the 'right place at the right time' will bring opportunities that will resolve deeper organisational problems that they need urgently to address.
Seeks to maximise impact on social well-being: the organisation has sufficient knowledge and understanding of its ability and potential to contribute to social well-being; the organisation is driven primarily by its purpose to serve its beneficiaries.	TSOs have strong social values, but interests vary in scale, range and depth so it is not possible to generalise. Insularity can restrict access to understanding and knowledge of change – but there is no real evidence to show that this is the case. TSOs are generally well aware of what is going on around them. Very few organisations have an instrumental or cynical attitude towards beneficiaries, but those which do, put organisational interests first and beneficiaries' interests second.

Working papers you may wish to look at

There's a lot of material sitting behind these tables that you might want to explore in much more detail.

All working papers from the study are available free to download at:

http://www.nr-foundation.org.uk/resources/third-sector-trends/

Here are some of the more recent papers:

Chapman, T. and Robinson F. (2013) **On the money**: How does the way Third Sector Organisations think about money affect the way they work?

Chapman, T. and Robinson F. (2013) **The crystal ball**: how do TSOs see their future and what are they doing about it?

Robinson, F. and Chapman, T. (2013) **The reality check**: final report from the second phase of work.

Chapman, T., Robinson, F., Bell, V., Dunkerley, E., Zass-Ogilvie, I. and van der Graaf, P. (2013) **Walking a tightrope**: balancing critical success factors in hard times.

Chapman, T., Robinson, F., Bell, V., Dunkerley, E., Zass-Ogilvie, I. and van der Graaf, P. (2012) **Journeys and Destinations**: the impact of change on Third Sector Organisations.

Robinson, F., Bell, V., Chapman, T., Dunkerley, E., Zass-Ogilvie, I. and van der Graaf, P. (2012) **Taking the temperature**: How are Third Sector Organisations doing?

Chapman, T., Bell, V., and Robinson, F. (2011) **Measuring Impact: easy to say, hard to do**. A think-piece to stimulate sector debate from the Third Sector Trends Study

Robinson, F. and Chapman, T. (2011) **Building better boards: what's the problem?** A think-piece to stimulate sector debate from the Third Sector Trends Study.