



COMMUNITY PARTNERS

## Preparing for Success as the Economy Rebounds

### How nonprofits can streamline their operations to do more with less

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This recession has battered donations, whittled down endowments, and reduced access to credit. Many nonprofit organizations have responded simply by cutting expenses to the bone and lying low.

We think that's a mistake. Having helped a number of successful nonprofit and for-profit organizations improve their business processes over the past forty years, we see challenging economic climates as a golden opportunity—a time to focus not just on survival, but on being ready to thrive as the economy rebounds. With fewer employees being asked to do more, there's no better time to step back and identify ways to become more efficient and effective.

The key—and often the greatest challenge of all— is getting your people to focus on the projects that will return the greatest rewards. This involves a step-by-step process that not only looks at the projects an organization already has planned, but finds additional opportunities for “big hitter” improvements that can cut costs, create efficiencies, and help your organization to do more with less.

We recommend a structured step-by-step process to focus organizational resources on those activities that will really matter. We encourage you to download our free [Strategic Initiatives Planning Workbook](http://www.CliffConsulting.Net/publications.php) at [www.CliffConsulting.Net/publications.php](http://www.CliffConsulting.Net/publications.php). This workbook will take you through the following six steps:

1. Set organization-wide objectives that support major, measurable improvements, such as lowering administrative costs and reducing the workload for program staff
2. Prioritize current projects according to their potential impact towards those objectives
3. Look for additional “big hitter” improvement opportunities through an operations review
4. Create a prioritized list combining high-impact projects and “big hitter” improvement opportunities
5. Set the stage for successful change by engaging the right people
6. Establish a pragmatic action plan

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One more factor—timing—is critical in a recessionary environment. This is the time for organizations to focus on projects that can show results quickly—typically, in a year or less. Trying to do too much will only dilute energy and financial resources at a time when there is too little of both to spare. In fact, you need to be courageous enough to cancel or defer projects already approved or underway in order to focus on doing the right work, right now.

The first step, developing “big picture” objectives that support major, measurable improvements, will serve as a guidepost for examining and prioritizing current and planned projects. Everything—even projects that have been planned or underway for a long time—will be measured against these objectives. They need to reflect not just departmental priorities, but those of the entire organization.

The next step is a candid appraisal of current projects approved or already underway. This is a chance to take a second look at them and consider which of these meet those big picture objectives. These belong on the “big hitter” list.

Next, take a look at your operations with the goal of potentially identifying additional big improvements. Your best investment right now may be to improve or simplify something you do every day, such as a project that wasn’t even on your list. By documenting workflow (looks for backlogs), bottlenecks (deadlines that are consistently missed), resource “hogs” (departments or issues that seem to consistently require more management or staff attention than planned), quality issues and compliance/risk concerns, organizations often find key opportunities.

Out of the dozens of potential operational improvements, “big hitters” will be the approximately 20% of all projects that will yield 80% of the benefits you want. For those “big hitters,” you’ll want to look for opportunities to simplify, automate, or improve upon existing processes.

For example, for a large-sized organization’s grant making operation, we found that over half the grants were relatively small, collectively representing only 10 percent of the total grant dollars being administered. By evaluating the relative exposure they had for these smaller grants, our client was able to work with their legal and compliance department to streamline review processes for the smaller grants, which simplified the application and reporting requirements for the grantee and lowered the administrative burden for the grant-making staff – a “win-win” all around.

Where and when steps are performed, and who performs them are key questions. The goal is to make sure steps are being handled by the most qualified resource (who), at the best point or location in the process (where), and in the best sequence (when). For example, do the people involved have the appropriate training (without being overqualified)? Could the work and even some of the decision-

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making be automated to yield substantial financial and time savings? Could some steps come earlier in the process to enable quicker decisions?

Don't overlook the importance of involving the employees who actually perform daily operations in this process. Not only do they often have the best ideas for how to improve work flow, they may also be more supportive of any changes they helped design.

If it all sounds like a lot of work, consider the fact that simply mandating across-the-board cuts is a far worse substitute—essentially, a blunt instrument that cuts back high-performing contributors as well as inefficient operations, while failing to deliver permanent improvements.

Now, using both these lists—current projects and those new opportunities you identified—choose the final list of projects that your organization should focus on this year. At the end of the day, it's worth the effort to stand back and identify 'big hitters' in your organization so that people at every level are focusing on the right work. Our 40 years of consulting experience has shown that this relatively small investment of time and money up front can help organizations streamline their operations and prioritize their projects so they're able to achieve more with fewer resources.

*(Oakland-based CCI has worked with a number of nonprofit organizations, including the Rockefeller Foundation, the Rasmuson Foundation, the David and Lucile Packard Foundation, WestEd and the John S. and James L. Knight Foundation. CCI offers their Strategic Initiatives Planning Workbook free of charge to help you with each of the steps detailed in this article. CCI also offers a cost-effective Project Prioritization and Operational Assessment service to help those organizations that don't want to go it alone. For more information, visit [www.CliffConsulting.net](http://www.CliffConsulting.net).)*