

Blackbaud



Adapting to Success:
human resourcing in fast
growing charities

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Organisations are not static; they are organisms, constantly affected by what is happening internally and in the outside world. When new people join - and especially when large numbers of new people join - the whole dynamic changes. This insightful paper contains from-the-heart quotes from senior managers struggling to maintain a particular culture and ethos in a fast-growing organisation. There are no easy answers, but there are some helpful suggestions.

It is a truism that people are an organisation's most valuable investment. So do your staff languish in the equivalent of a current account, with zero interest and no hope of growth? Are they in a savings account, growing imperceptibly each year? Or at the other extreme, are

they in a high risk fund, with massive growth potential but in danger of burning out?

I wish you every success in keeping your people aligned with the culture and ethos of the organisation, and in helping them grow to become ever more valuable to the cause you serve.



David Saint
Chairman, Action Planning

The organisational pursuit of growth, targets and mission can often assume that all who we work with share the common goal and message. It may be easier to maintain focus on those all important goals than the potential impact on the organisation if we lose sight of our people's beliefs and development. This White Paper restores faith in putting people at the centre of the organisation. I hope it will for you also.

It is clear from reading the research that these leadership teams are able to keep a clear focus on the business needs, but also ensure the human resource infrastructure is motivated and prepared for such fast and dynamic change, whether through training or bringing about a cultural shift.

The importance of people and their involvement, even participation, cannot be under estimated. People are the shop

window, whether through telephone exchange, personal meetings or written communications. Their enthusiasm will resonate with those they are in contact with but only if they feel part of the organisation! Such happenings don't happen overnight, there's a lot to be learnt from these initiatives.

I sincerely hope you enjoy the read

Sincerely



Martin Jervis
Managing Director, Blackbaud Europe

Introduction

Through both bright and gloomy economic times, the third sector has been growing consistently, increasing total income every year this decade. But this growth has not been shared equally amongst all charities. So what are the factors that mean that some organisations grow? How can organisations create the right conditions for growth? And what potential hazards do they face as they expand? In previous papers, we examined the role of the entrepreneurial leader in fostering and maintaining growth, the challenges of remaining intelligent as an organisation when you are growing fast, and the secrets of successful fundraising, as demonstrated by the charities we researched. In this, the fourth in our series of papers examining growth within the not for profit sector, we look at the challenges of *recruiting*, inducting into your organisation's *culture* and *retaining* the best staff. Whether your organisation is growing or not, these challenges will be familiar to most.

Using qualitative research methods, we conducted face-to-face interviews with the Chief Executives of 24 of the fastest growing charities in the UK to better understand what has made their organisation successful. Participating organisations were a mix of charities primarily funded by grants and donations, and another group which are primarily generating income by providing services on a contracted basis. Further information on these charities can be found at the end of the paper. The organisations we studied each face a set of challenges unique to their circumstances, environment and history. However, there are commonalities in the types of challenges they face. Principal challenges include:

- HR – particularly recruitment and retention for organisations funded by grants and donations; and legislation around taking on teams of staff from other organisations for contracting organisations.
- Maintaining organisational culture (particularly for contracting organisations, who are taking on existing teams from other organisations).
- Governance and leadership (especially developing the competencies of a board that has to cope with providing oversight for a charity that has grown 10-fold).
- Income generation and fundraising (for organisations funded by grants and donations this may mean diversifying from a few main funders; for contracting organisations this may mean diversifying the product base or finding new clients).
- Ensuring that infrastructure, systems and technological solutions are keeping pace with organisational growth.

In this paper, we are going to examine recruitment and retention, particularly the changing nature of organisational values, culture and expectations of staff within a growing organisation.

One Director of Finance and Resources, whose organisation had grown from 10 staff to close to 130 people, put the challenge like this: "*The question is, how do you continue to live out the values and beliefs of the organisation, and get everyone to feel the same way?*"

The second part of that conundrum,

getting "everyone to feel the same way," especially where an organisation has grown through the transfer of staff under TUPE legislation (the legislation that protects the rights of staff who have been working for a service that has been transferred to a new contractor) has practical and legal constraints that obviously precludes a simplistic, seemingly coercive approach that might be inferred by this quote. But even the first part of this challenge, to "continue to live out the values and beliefs of the organisation" is not as simple as it may seem.

This paper will now explore two key areas of challenge:

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- *Living out values and beliefs* – how expectations and skill levels change
 - *Getting everyone to feel the same way* – negotiating corporate culture
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We will then examine organisations that have successfully combined these two challenges in different ways.

Living out the values and beliefs – how expectations and skill levels change

Amongst the senior staff that we interviewed, there were in several cases a clear recognition that the expectations placed upon senior staff by other employees change as an organisation grows. For instance, one Director told us:

Staff now expect far more demonstrations of real leadership from the Senior Management Team. People want it all, they want to be consulted, they want to feel accountable, they want the Senior Management Team to be accountable, they want to see that what they are doing makes a big difference, they want other

people to be managed fairly, they want to see evidence of management performance, and as an organisation gets bigger, the importance of that gets greater.

Another Director of Communications told us:

When we do surveys, staff don't think that the organisation has strong leadership. That's interesting, because we have grown hugely and are clearly doing very well, but the internal view is that we are not very well led. I think it's to do with leadership style, with leaders being visible enough. It's not that we've got no vision, but we are responsive and nimble, and we grow maverickly [sic]. We've got 100 projects on 80 sites, and we've got quite a few internal layers of management, so internal communications are difficult. People can be project loyal, so they can blame everything on Head Office.

Senior staff may feel that that they are (successfully) living out the values and beliefs of the organisation, but this feeling may not be shared by or communicated to other employees. Helping senior staff – and indeed management at all levels – to adapt to the changing requirements of their role was a recurring theme amongst the charities we interviewed. David Royce, of Crime Reduction Initiatives, explained his approach. At a moderate annual turnover of £650,000, he began to build a stable and sustainable team. In creating this process, he developed the term "oven ready managers". David explains his rationale:

There are two views. One is that if you need skills get them from the labour market. But if you value loyalty and unity, the better thing is to take from your own organisation... We believe in enabling people to improve their performance and

step up. [In 1998] we invested, the Directors went off to do MBAs, and for the people who weren't directors but organisationally at the next level down, we developed [a six day management programme] with Cass Business School ... For an organisation with a modest turnover, it was a relatively massive investment. But the idea was that people had to be able to manage well.

It is clear that not all organisations that are growing fast have been able or ready to invest in their staff in this way, and David Royce's experience stands in stark contrast to another interviewee, who told us:

We've had some excellent people who have left because of management problems, because of lack of opportunity for personal development, lack of opportunity for career development. There's also a pattern of getting people who are not yet on the bus, rather than thinking about how to develop the people who already are on the bus.

It can be especially difficult to prioritise senior staff training, given their often punishing workloads, as another Chief Executive told us:

We've had a couple of leadership training sessions which have been largely just one day programmes. It's deciding strategically if we are going to get value out of sending people on training processes. It tends to be more junior people who do the longer-term programmes, the senior people are simply more tightly constrained in terms of the time they have available.

The changing demands of managing a growing organisation do not just change the levels at which staff have to perform. Retaining staff was an issue highlighted by

a number of charities, who felt that staff with the right skills and aptitude were at a premium. One charity said: "We have struggled with recruitment sometimes also. There was a glaring example a year or two ago, when we were trying to recruit somebody senior, and having real problems." This was a common theme: "We've had to work harder to recruit people with the skills required to deliver the level of programmes that we are talking about. When we were smaller, it wasn't so serious because we could get away with it." Another charity told us:

Often it is a very competitive environment. We want people who are experienced and well qualified. There are a number of good people and everyone wants them. So you need to be able to offer good salaries that are attractive enough so people will stay and not move on if they are high level.

Commenting on these findings, Adele Bird, Director of Senior Recruitment at Action Planning, said: "When charities are growing fast it is inevitable that staff are taking on more responsibility for bigger budgets and bigger teams. To ensure that you keep key staff, you need to regularly review and benchmark your salary scales and job descriptions to ensure that they are trained and remunerated for the level they need to grow into."

Ensuring that pay is competitive is not the only area in which HR may need to change. One Director of Resources told us:

[Now that we have grown we] need to have more proactive HR. We need to think about recruiting the right sort of people. Then work on retaining them. We need to make sure the structures are right. We have to introduce management development courses for managers and

would-be managers. We need to relate people's objectives and value based competencies in a direct line to our perceived objectives. So we have become much more conscious of doing all this over the last 3 years.

Living out the values and beliefs, therefore, can be much more complicated than it appears, even for senior staff who may have been with the organisation throughout its growth period and consider themselves (in many cases rightly) to be largely responsible for that growth. Staff expectations may have changed, the demands of their job will certainly have changed, and trustees and HR directors must consider whether pay, conditions and HR practise are still commensurate with the ever-increasing demands that *living out the values and beliefs* places upon staff.

Getting everyone to feel the same way – negotiating corporate culture

Charities we interviewed had grown staff numbers in different ways; through mergers, organic growth or through staff transferred under TUPE legislation following successful bids for contracts.

For those who had grown mainly through organic growth, the challenges may arise more gradually than for those who have taken on staff en masse through the transfer of existing services under contract or merger. However, the underlying issues can be similar. Stories from our interviewees illustrate how challenging it can be to maintain organisational values and culture, as well as practically ensuring that those values are followed through into policies and that actual working practice that is consistent:

Case Study Story No.1

We merged four organisations together, and we now have around 750 staff. We not only had to pull together those four different organisational cultures, but to operate in a climate which was four times as big as what people were used to.

Although each of the organisations did the same thing, the staff culture is very different. So bringing organisations together has involved bringing staff together. Before the merger, we were working for six months on getting at least one person from each team meeting together and looking at cultural issues about how they do things. We developed a set of values and a mission statement with the

involvement of all those staff.

The four organisations followed different procedures. So for 18 months we've been pulling the policies and procedures together, and making one set of policies and procedures. For example, we have one health and safety policy, one lone working policy. That exercise of lots of people from all the different parts of the organisation coming together to define the common policies really helps. In the process of doing that you do affect organisational culture in a positive way. People tend to follow the new policies because it's a process they were partly involved in.

"In the process of doing that you do affect organisational culture in a positive way."

Case Study Story No.2

Growth makes it more complicated to retain the original culture and philosophy of the organisation. Six years ago we had 700-800 staff and then we added another 300 staff, all from the Public sector, and the impact of their background was significant.

Integrating doesn't happen overnight. Six years on we are getting there. It's not to say one culture is good and the other bad, it's just that it is different, so we need to ensure that what is good is

strengthened everywhere, and what is not so good is eradicated everywhere. The new staff brought in a huge set of new skills.

There was tension where transferred staff tended to be on better

conditions, for example better pension schemes. Any new staff coming in to those services were coming in on our terms and conditions. People felt there was a disparity, and existing staff felt their benefits would be eroded over time.

Six years ago we were looking for consistency, but that's not an issue any more. We are looking for cohesion now. We have inculcated a culture which is

more consistent with ours, and also taken on board some of the good elements of the previous regime. Also many more staff are now on our conditions so both retention and recruitment is more on an even keel.

Case Study Story No.3

In the beginning we had lots of very entrepreneurial people with a gut feeling that what they were doing was right. There were a lot of projects, but no sense of direction. That is something we've worked very hard on. By rolling out strategy and leadership we have impacted on the organisational culture.

We are recruiting people who fit with our new culture. The kind of person we recruit now are very different from our previous employees. I joined this organisation because I was attracted to getting things done. Before, we hired people who just wanted to do good out there. We had some wonderful people doing wonderful work, but it wasn't consistent.

a number of cultures. And we have learned to become more

Case Study Story No.4

We inherit people from other organisations, so you get what you are given. If we take a contract over in Kent, we are going to get 21 members of staff, whose jobs are protected under TUPE.

Because of the level of our expansion, and the fact that much of the expansion has been through members of staff who have been TUPE'd in, we don't have a homogenous culture any more. We have

sophisticated at managing those different cultures. A few years ago we would have said there is a [organisation] person, they can be summed up like this, but that's not the case anymore. That's caused many challenges in terms of management and leadership.

The stories also illustrate that whilst organisational culture is something that is challenging to manage, it is also possible to effect radical change within an organisation or part of it. Managing organisational culture is an area in which successful organisations develop sophistication. Successful interventions into organisational culture included:

Keeping organisational culture alive by committing time to organisation building activities. One interviewee said: "We work hard at keeping our very positive, committed culture, and the sense of working together. We still have a meeting of all staff in the London office every Monday morning. Just for 20 to 30 minutes, each department nominates a person to share with the group what's going on. There are around 100 people in that meeting now, whereas in the old days, there were around 15 or 20. We tend to have a lot of consultations and involve the staff in strategy development, planning, in a way that most larger organisations don't." Other organisations with staff dispersed more widely across different locations cited staff away days or annual staff retreats to encourage cross fertilisation of ideas and a sense of togetherness.

Other charities had successfully restructured to accommodate further growth, sometimes within very challenging timescales, as this interviewee revealed: "Last year we started talking about a restructuring in October. We had it all done and dusted before Christmas. Structurally and organisationally we had new jobs, and people came in after the New Year having to bed all of that down. I think that was pretty quick. We followed a very extensive consultation process. It was as extensive and fast as it could be. I don't think you

could do it faster than that. But it's getting that balance with change. People want to know what it is and want it over with, but at the same time they want to be engaged with it. This review took place within the context of an organisation that historically valued and nurtured organisational culture, enabling them to move decisively when it mattered."

Several charities ran annual staff satisfaction surveys in order to monitor staff satisfaction and changes in organisational culture. These were monitored as part of the Senior Management Team's suite of indicators of the health of the organisation.

For some charities, getting ready for growth has been about instituting new cultural expectations. We spoke to one Chief Executive about her experience of turning around a charity that had been in deficit to one that has recently grown rapidly. She told us about creating a new culture to tackle the issue.

When I came in I didn't have any money to spend. So we had to stimulate the staff that we had to actually do better. A lot of it was putting the right systems in place and giving people the right targets. A huge number of our staff are not on open-ended contracts, but on short term contracts. We made it clear to them that if they wanted to be placed on open-ended contracts, there were certain targets they needed to meet to get there.

When you are changing anything, people don't like uncertainty. Even people who are doing exactly what you want get worried when they see change coming. You need to reassure those people that they don't need to be worried. But where people do need to up their game, you need to explain to them what they need to do, what is

expected of them, and why things have changed, why things need to move, and to try and support people in that way, and to get away from a culture where people are whispering in corridors, to feeling that this is a challenge that everyone can rise to, and that we are all in the same team and going in the same direction. That took a little while.

The other side is recognising where people really are not performing and have no intention of performing. We had a few like that around. And you really are going to tackle those people. The people who are performing shouldn't feel that they are carrying those who shouldn't be part of the system, shouldn't be part of the team. So it's managing all that, and keeping a very positive momentum in the place as well a feeling of community and a feeling of family within the organisation.

In this instance, getting everyone to feel the same way, therefore, does not have to be about coercion. It is about setting clear aspirations for employees, enabling them to fulfil those aspirations and, as part of the strategy, using coercion with some individuals or teams who are unable or unwilling to deliver for the organisation.

Conclusion

Dealing with changing expectations and negotiating corporate culture are always going to be difficult in an organisation that is in a state of flux. But our research suggests that it is possible to successfully manage both of these aspects of leading a third sector organisation. After reading this research, you may want to ask yourself:

- Do I know what employees expect of senior staff in our organisation? Are our senior staff leading the organisation in a way that works for its present situation?
 - What monitoring and appraisal systems do we need to introduce to ensure all staff are performing as required?
 - Do we have the systems in place to identify the skills we need and encourage those with the right skills to work with us? Do we have the processes in place to recruit people with the right values?
 - What training and what salary reviews do we need to put in place to ensure our staff have the skills and remuneration commensurate with their expanded roles?
 - Have we thought through what it means to bring in new staff en masse and what that means for our culture? How can we bring the different teams and cultures together - what consultation, liaison or buddying with the different teams should we introduce to facilitate this?
 - How are we going to communicate with all our staff to ensure consultation and involvement in the changes that will happen?
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Methodology

The research investigated 24 of the 100 fastest growing (i.e. % growth) charities within Caritas "Top 3000 Charities" 2007-8. This was further refined by eliminating any charities which grew because of a one-off major capital appeals or endowments, or exist solely for distributing funds (grant makers). The research further stratified charities who have grown by providing services under contract, and those who have grown because of grants and donations (including grants from statutory bodies).

Though some quantitative analysis approaches were used, the research was primarily qualitative. Each organisation was interviewed, either by telephone or face to face. Questions covered a range of twelve key issue areas including governance, leadership, strategy and cost effectiveness.

Interviewees included seven CEOs, thirteen Directors, three Heads of Departments and one supporting secretariat. An additional twenty one interviews were conducted with members of the four organisations featured in this paper to provide more in-depth analysis.

The research aimed to discover:

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- How and why they are growing*
 - What stresses and challenges they have faced as a result of the growth*
 - How they have overcome or are dealing with these stresses*
 - What is their recipe for success and for continued growth*
 - The role of leaders in inspiring success*
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The participating organisations were:

*The Abbeyfield Society
Alternative Futures Group
Breakthrough Breast Cancer
British Red Cross
Concern Universal
Crime Reduction Initiatives
The International HIV/ Aids Alliance
Islamic Relief
Kew Foundation
The Liverpool School of Tropical Medicine
MCCCH Society
Merlin
Metropolitan Support Trust
Mines Advisory Group
National Centre for Social Research
Prior's Court Foundation
Rathbone Training
The Salvation Army Trust
Sightsavers International
St Mungo's
WaterAid
World Emergency Relief
Youth Hostel Association (England & Wales)
Youth Sport Trust*

As a leading UK consultancy to the not-for-profit sector, Action Planning have helped hundreds of organisations to raise capital and revenue funding, recruit key people and plan ahead.

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helping you to where you want to be. Visit www.actionplanning.co.uk or call 020 8642 4122 to see how we could help you.

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