



An Insync Surveys presentation by: James Garriock, Executive Director, Insync Surveys

Presentation title: Measurement and performance improvement for not-for-profit organisations in a volatile economic climate

Presented at: CPA's not-for-profit conference 2012: Readiness, Resilience, Reform

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About us

- Employee, customer and board surveys backed by consulting
- Offices in Melbourne and Sydney
- Largest Australian survey provider in our industry
- Over 40 staff
- Benchmarks of over 1,000,000 responses
- Result of merger in 2005, 20 year history
- We aim to become the most successful Asia Pacific provider of benchmarked stakeholder surveys
- Many NFP clients, including: Mission Australia, Red Cross, Wintringham, and Wise Employment

About Insync Surveys

With offices in Melbourne and Sydney, we specialise in employee, customer, board and other stakeholder surveys backed by consulting. Our surveys supported by our registered psychologists and research experts help organisations become more effective.

We co-founded the Dream Employers Survey and have worked with some of the largest organisations in Asia Pacific, including: Cathay Pacific, Toll, Medibank Private, WorleyParsons, NAB, Fairfax, Nufarm, Visy, GlaxoSmithKline, Orica, Mission Australia, federal and state government departments, many local councils and most university libraries.

Visit: www.insyncsurveys.com.au or call +61 3 9909 9222 or +61 2 8081 2000.

Tax Deductible Donations by Wealthy Australians “Plummeting”

Posted: Wednesday, May 2, 2012 - 12:13

Philanthropic giving by Australia's wealthiest has plummeted, with those earning over \$1 million a year now becoming significantly less generous, according to the latest figures released by the Australian Tax Office.

Perpetual Trustees General Manager, Philanthropy, Andrew Thomas, says an analysis of the ATO's Taxation Statistics, from a peak two years ago compared to the 2009-10 tax figures, shows that the tax deductible donations of those earning over \$1 million has dropped from a collective \$511 million down to just \$120 million.

NFP news

There is no doubt that 2012 is a tough year to be an NFP in Australia. It could be worse though, Grant Thornton's survey of 1,000 NFPs in Ireland concluded that cutbacks in Government funding may force some charities to fold. Some 83% of charities quizzed are unable to plan any activities beyond two years because they don't know if they'll have enough money.

Basic strategies for thriving on less

1. Reduce waste
2. Increase workforce productivity
3. Improve balance sheet and cash management
4. Narrow the strategic focus

Basic strategies for thriving on less

This presentation is about 1. Reducing waste and 2. Increasing productivity, but 4. Narrowing strategic focus is also vital, and that's where we'll be starting.

Narrowing the strategic focus is something that many NFPs find painful. Many avoid it, continuing with strategies and initiatives that a more pragmatic CEO & board would have dispensed with long before.

You'll get ideas for reducing waste and increasing productivity

What do waste **reduction** and **productivity** gains look like in an NFP workforce?

- Waste: is a bad hire
- Productivity rises when workers want to do more, and have systems that turn good intentions into good outcomes
- Productivity is a function of effective leadership
- Waste: is losing good people

Ideas for reducing waste and increasing productivity

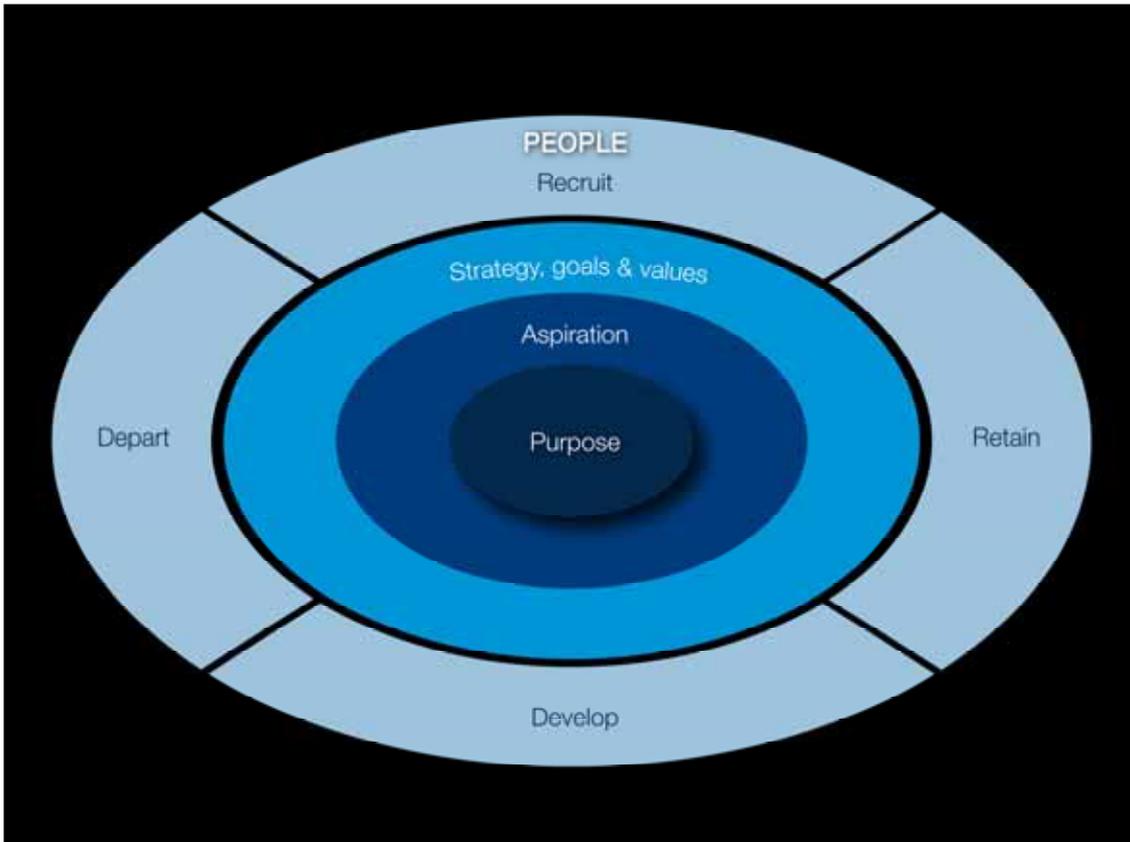
A bad hire is worth more than recruitment fees and wasted wages. It has an intangible value in lost productivity, reputational damage, opportunity cost and erosion of culture.

Productivity gains come from workforce optimisation; which is getting the most out of what you're already paying for. We have amassed over 200 peer reviewed studies showing how various workplace factors make a positive difference to organisational performance.

Workplace leaders are the lens through which workers perceive and judge almost all other workplace factors. Investment in leadership is investment in effectiveness.

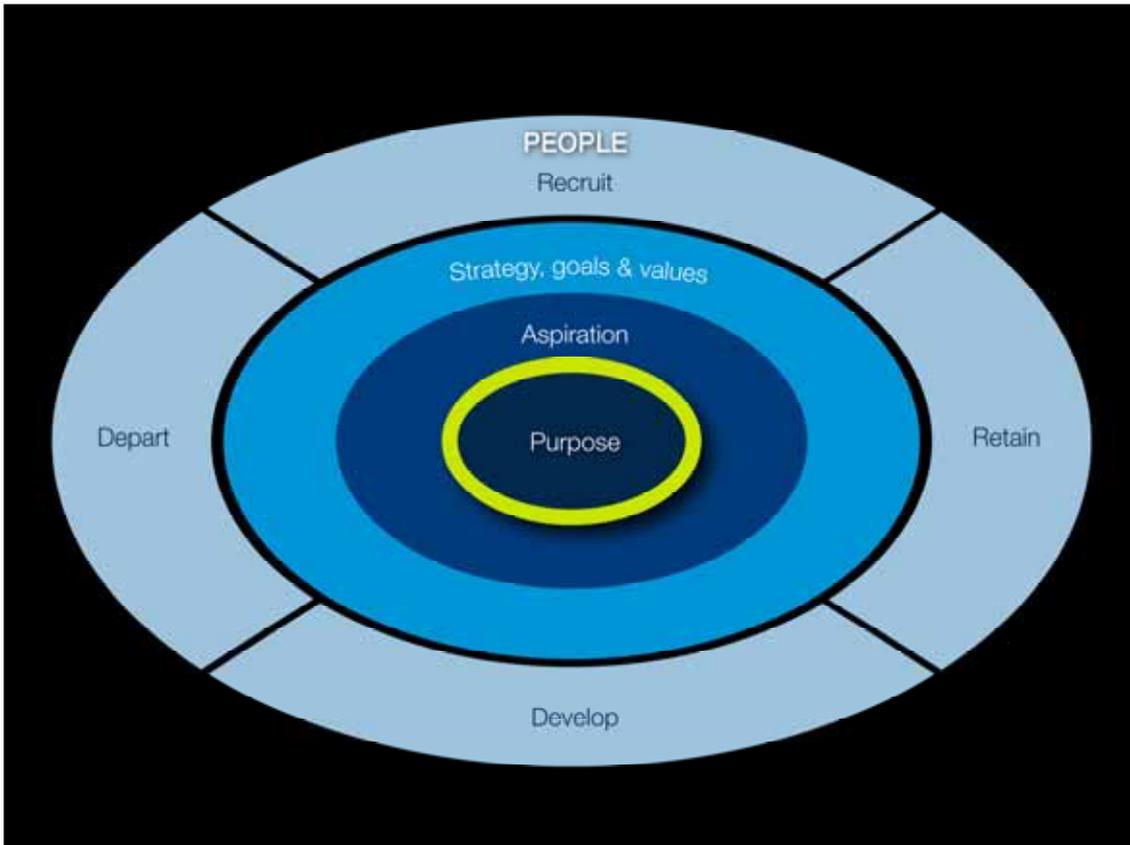
Finally, losing good people is the epitome of waste. Even the most conservative estimates state that replacement costs 50% of annual salary. Reducing unwanted turnover by five points in a 200 person NFP with a mean total cost of employment of 60k saves \$300k. Not a small amount. This is just the tangible costs of recruitment, disruption to normal operations etc. There are also intangible losses of institutional memory, culture, connections and commitment.

But first we need to look at why your organisation exist. It's the key to understanding what's inspiring, motivating and stimulating your people.



Organisation model

Here's a model of how we see the world. The purpose of your organisation forms the core while everything around it supports it. In every area there's something you can do to make a positive impact to your organisation's purpose.



Purpose: Narrow strategic focus

Having a unifying purpose is always the starting point for an organisation. Why does your organisation exist?



Purpose

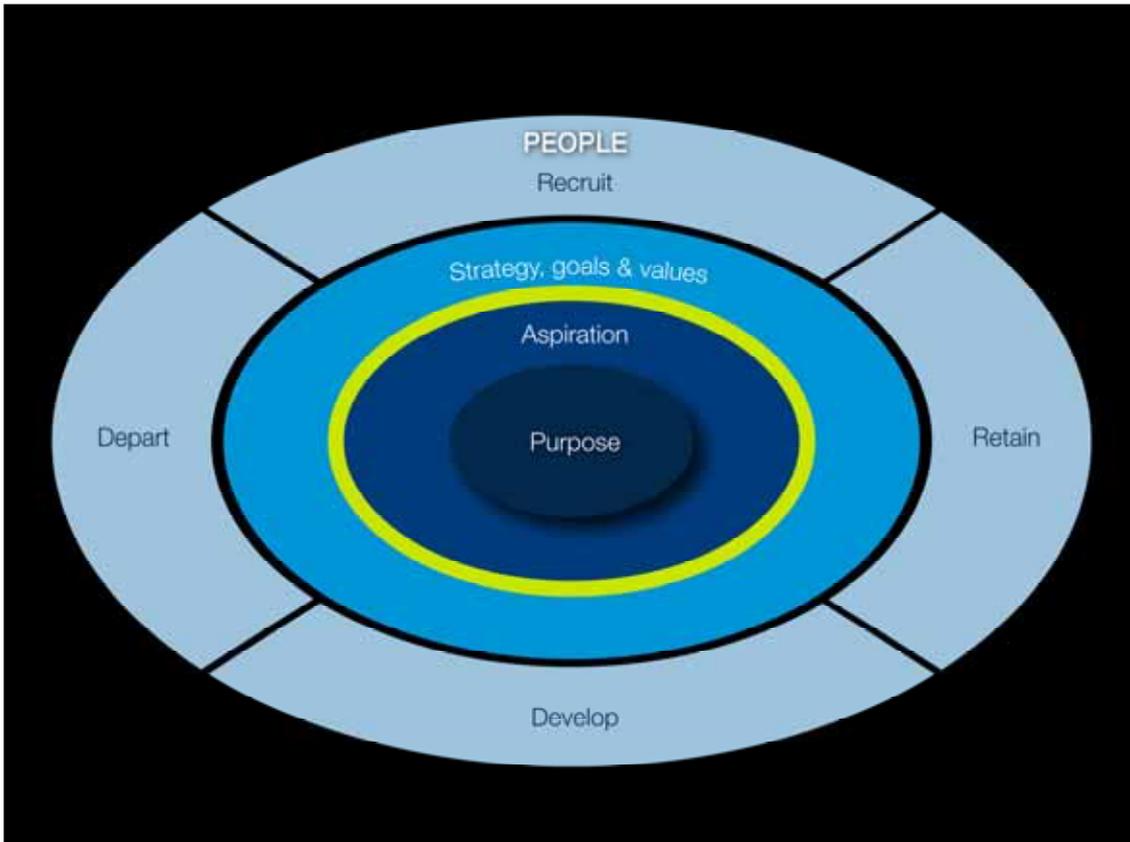
A purpose is incredibly helpful in settling the organisation and explaining why it exists. However, a purpose doesn't describe HOW, it only describes WHAT the organisation wants to achieve. A Purpose doesn't have the word "by" in it. For example, "we want to reduce world hunger" is a purpose, and it doesn't need to say HOW it's going to do so.

<p>We are Bicycle Network Victoria</p> <p>Bicycle Network Victoria is a charity that promotes the health of the community</p>	
<p>The Knox County Health Department protects and promotes the health of the community</p>	
<p>The Latin American Health Institute is a community-based professional organization that promotes the health of the community,</p>	
<p>Mission</p> <p>Teton Valley Health Care promotes the health of the community</p>	

Examples of purpose

To illustrate why a purpose is a statement of WHAT, not HOW, here are some examples of four different NFPs that all want the same thing, to “promote the health of the community”.

If purpose and aspiration were the same thing then these organisations would all be in the same business, but they don’t really look the same.



Aspiration

The aspiration is HOW you're going to get there. A general statement that provides the guidance in your organisation's life. What's the goal it keeps in mind as it works? How does this relate to the elimination of waste and productivity increases?



Aspiration

An aspiration keeps the eye on the goal. This helps in a number of ways:

- Explaining what the organisation is about to prospective employees
- Choosing what to do next
- Assessing the viability of different approaches in the light of their strategic fit
- It motivates employees if it is appealing and inspiring

For most organisations, the aspiration doesn't change but for one notable exception...

sids^{and}kids[®]

Since 1979 SIDS and Kids has been largely responsible for a **90% reduction** in Sudden Infant Death Syndrome in Australia. As research continues into the causes, SIDS and Kids embraces this achievement and is working towards the same success in **reducing perinatal mortality rates**.

In addition to **health promotion** and **research** programs, SIDS and Kids provides **bereavement services** and **resources to families** who suffer the sudden death of a child from **any unexpected cause** including neonatal complications, drowning, fire, motor vehicle accidents, fast onset illness, a pre-existing but not fatal condition, or stillbirth.

Aspiration example

In the case of SIDS and Kids, the organisation behind Red Nose Day, the aspiration was achieved, with a 90% reduction in SIDS. The organisation had great assets and community awareness, and their purpose was more about infant mortality than SIDS per se. So they have now refocused on the next, larger challenges which include all manner of childhood death.

Some people might say, "you should have wound down your organisation now that you've achieved your goal". Others would say, "you're obviously incredibly good, why not expand your aspiration in line with your purpose?"

We are Bicycle Network Victoria

Bicycle Network Victoria is a charity that promotes the health of the community by "More People Cycling More Often".

The Knox County Health Department protects and promotes the health of the community through routine inspections of public facilities

The Latin American Health Institute is a community-based professional organization that promotes the health of the community, its institutions, families, and individuals through effective interventions that are culturally competent and technologically appropriate.

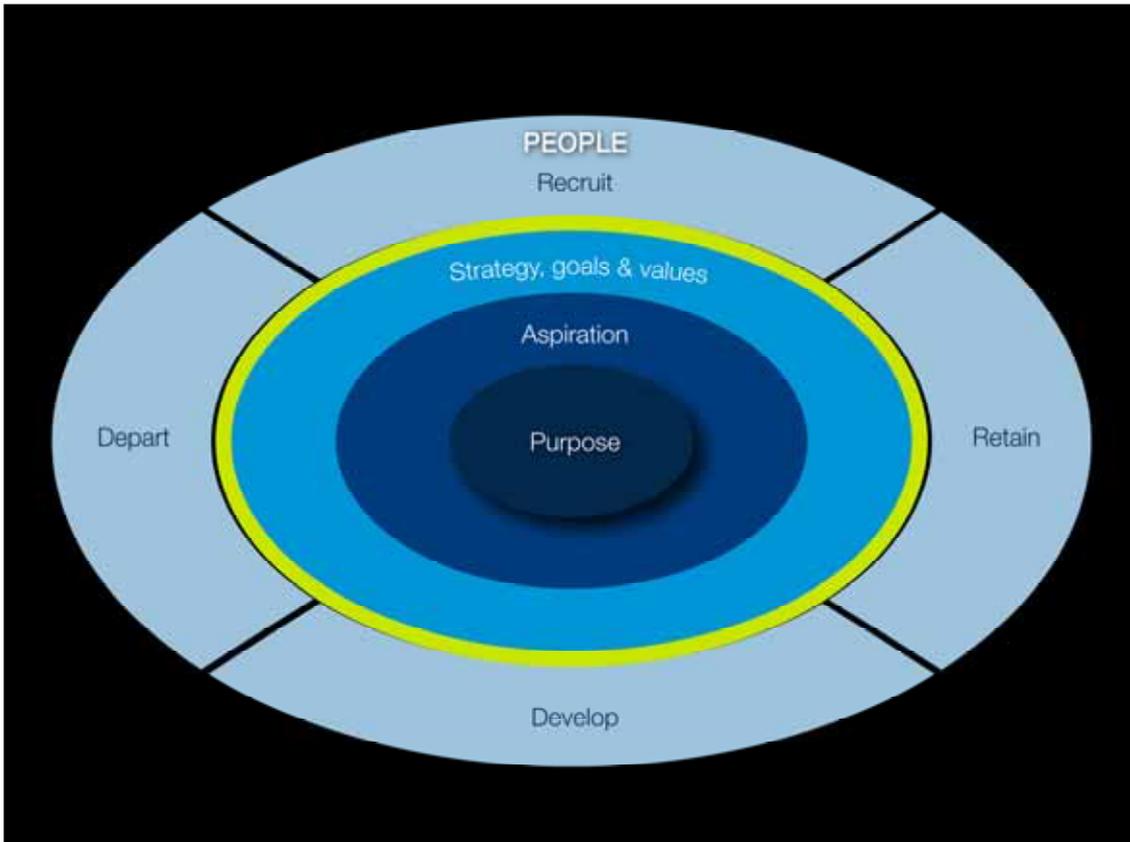
Mission

Teton Valley Health Care promotes the health of the community by delivering quality medical services with compassion, integrity and respect.

The difference between aspiration and purpose

This is best illustrated by returning to our four identical organisations. Though they all have the same purpose, their aspirations are different.

Does your organisations have a purpose AND an aspiration?



Strategy, goals & values

Take the example of Bicycle Network Victoria, there are a lot of different strategies that could be employed to get “more people cycling more often”.



Strategy, goals & values

Your strategy is what race you intend to win. Your goals should be evident from the starting line and your values form the lane markers.

Values are essential in an organisation to describe "how we go about our work".

At Insync Surveys, we have five Values:

1. Accountable
2. Brave
3. Collaborative
4. Passionate
5. Professional

There are three essential things that make "values" into values that get lived every day:

You have to clearly articulate what they *mean*, make them memorable and continually refer to them.

How to make a Value into tangible actions

Value 1: We are ACCOUNTABLE

- **Definition: We deliver on our commitments.**

I ... do what I say I will do.

- meet or exceed all my commitments.
- take full responsibility for my actions and outcomes

We do not... make excuses, blame others or hide our mistakes.

- let clients or colleagues down or be unreliable.
- make commitments without the plans and persistence to fulfil them.

Values example

Here's what Insync Surveys' values mean. Its hard to pull someone up on "accountable" but its easy to say, "we don't make excuses", "I will meet my commitments" or "we don't let clients down".

The second part of making values *real* is to make them memorable.

At Insync Surveys we had a values launch day where everyone was taken a place that represented that particular value. We went to Vue de Monde which represented Professionalism. Vue de Monde had a representative who spoke to us about what they do that makes them professional. They take it so seriously that they help garbage collectors with their jobs when they reach the Vue de Monde premises. This is so the garbage truck won't be at their doors any longer than need be so the area is clear for customers and passers by. We also discussed examples within our own organisation of how we can live the value.

We also went to the Melbourne Cricket Ground (MCG) which represented our value of "passion", fire brigade which represented "brave", etc. It was a fun day to remember for all.



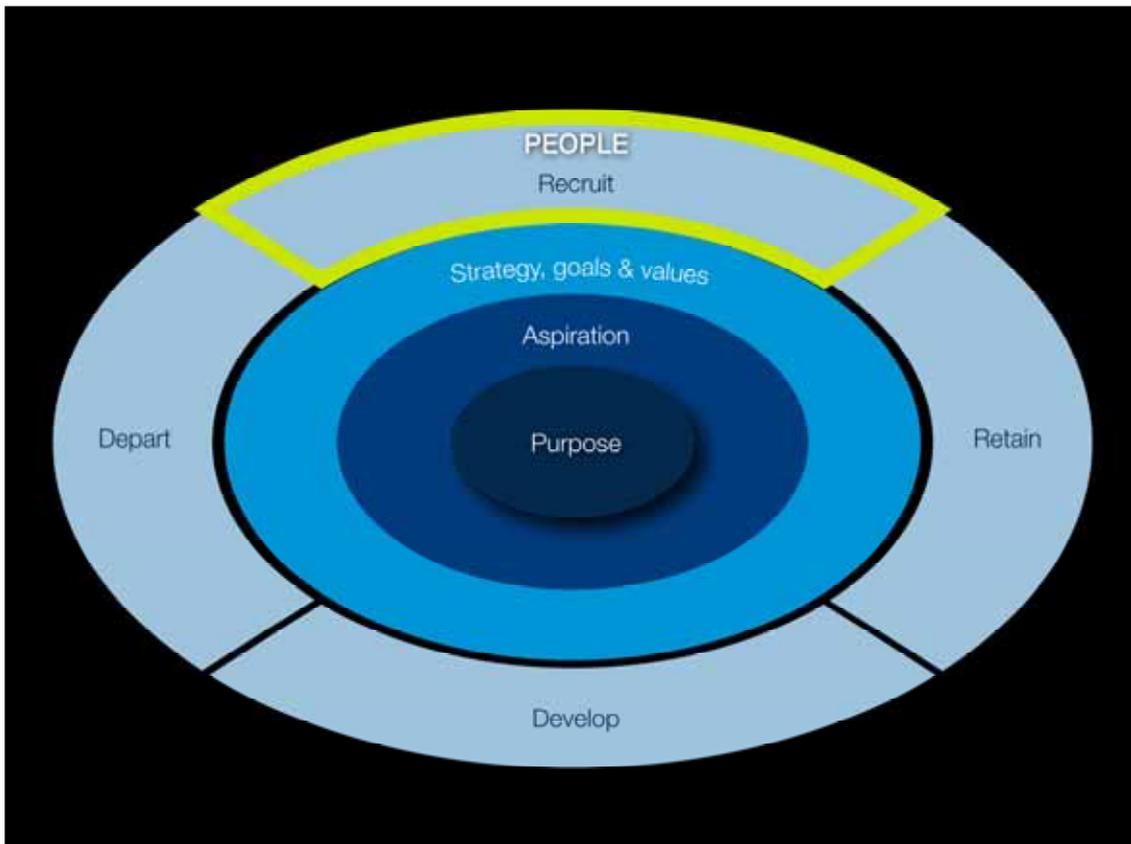
Values example

Here's Insync Surveys' Melbourne team. New people weren't around on the day we launched our values, instead we have a very special way of making sure they sign on...literally.

At the end of each person's probationary period, we have a ceremony where everyone gathers around the individual with our values flags. For each value, a person volunteers to give an example of how this individual behaved according to a value and the individual literally signs the value flag. This process is repeated for each value and flag.

The final way is to continually refer to the values. Have you talked with your staff about your organisation's values this week? What about last week?

Every single week in our organisation, we refer to the values and give examples of them. Moreover, our "person of the quarter" and our "person of the year" prizes are explicitly linked to our values.



Recruit

What lessons have you learnt about increasing productivity and reducing waste?

We're going to go into four specific stages in the employee lifecycle; from on-boarding (recruit), to maximising productivity (retain), to developing leaders to separation (develop).

Let's start with the elimination of waste in on-boarding (recruit).



Recruit

The major source of waste in on-boarding is from bad hires with the cost of: ads, HR time, costs of interview, recruiter fees, costs to culture, productivity losses, lost time and other opportunity costs

The best way to avoid hiring the wrong person from your list of applicants is to screen them well. However, another way of looking at it would say that the best way to avoid a bad hire is to have the right person apply.

Example was hiring someone to manage part of the business in Queensland. They needed to fit in, be autonomous and provide highly empathetic support; sitting and listening. The hire was very professional, very business oriented and very outcomes focused. They thought that a person with a corporate background who had runs on the board was a good candidate. Their interviews were by video conference with local people in the room. They advertised the Queensland job all over the country. They found someone who was coming back to Queensland to look after his aging parents. They did psych tests, behavioural testing and all went well. He had a full induction being flown to head office and then buddied up with local people. After a month, the manager started getting phone calls from the clients; they're not fitting in; he's not connecting; he's not listening; he said these things and we feel disrespected, and that he's sexist. Management brought it up with him and requested a meeting two days later. He responded saying he was being bullied and resigned. On reflection he wasn't a good fit and brought a "blokey" manufacturing style with him.

In that statement is a fundamental point about what messages you send and what pools of talent you choose to go fishing in.

The words you choose to use to explain yourself will fundamentally change the candidate pool, regardless of which job board you're using.

Let's have a bit more of a look at the two different types of recruit...

There are two different types of prospective employees

“I’ve been a serial job hopper as I’ve always worked in the not-for-profit sector. It’s easy to get a job in this industry because they don’t pay as much as the private sector, but then you might as well move on once you’ve learnt everything that’s on offer.”

(Penny, 30’s)

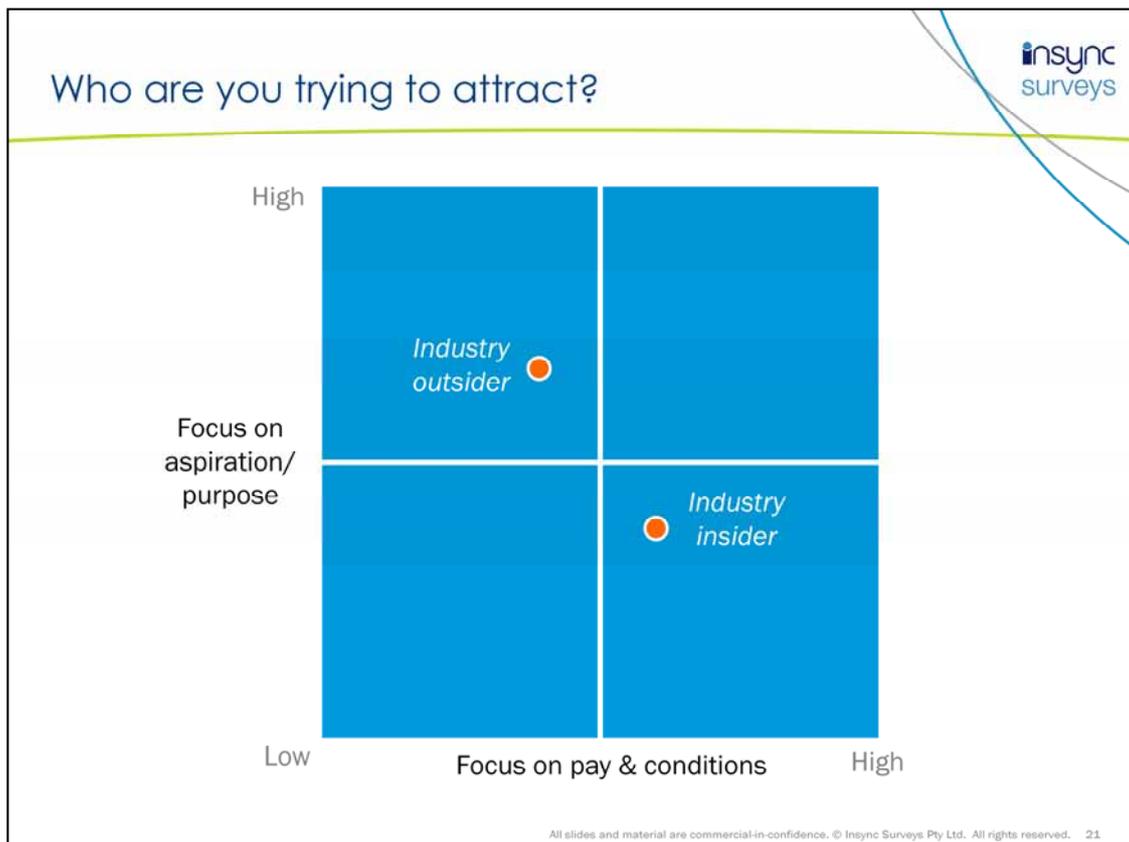
“I was sick of working in the corporate rat race, I was furiously working on projects which made no difference to people’s lives...and I didn’t even enjoy it. I decided enough was enough & retrained in social work, my new career in aged care might not be glamorous but I’m making a real difference to people’s quality of life - by securing them vital services like hot meals, transport to medical care and much more.”

*(Quote from Karen,
ex project manager for a multi-national,
now a services assessment officer in public funded aged care.)*

Recruit: There are two different types of prospective employees

Here are the two kinds of recruit, the industry insider and the industry outsider.

You need to have a profile of the ideal candidate. Write the job ad for that type of person while being mindful of your messaging as you may inadvertently attract the wrong candidates.



Recruit: Who are you trying to attract?

INDUSTRY INSIDER: Industry specific skills. Comparing NFP to another NFP. Operational staff might be less likely to say “What? I didn’t sign up for this”.

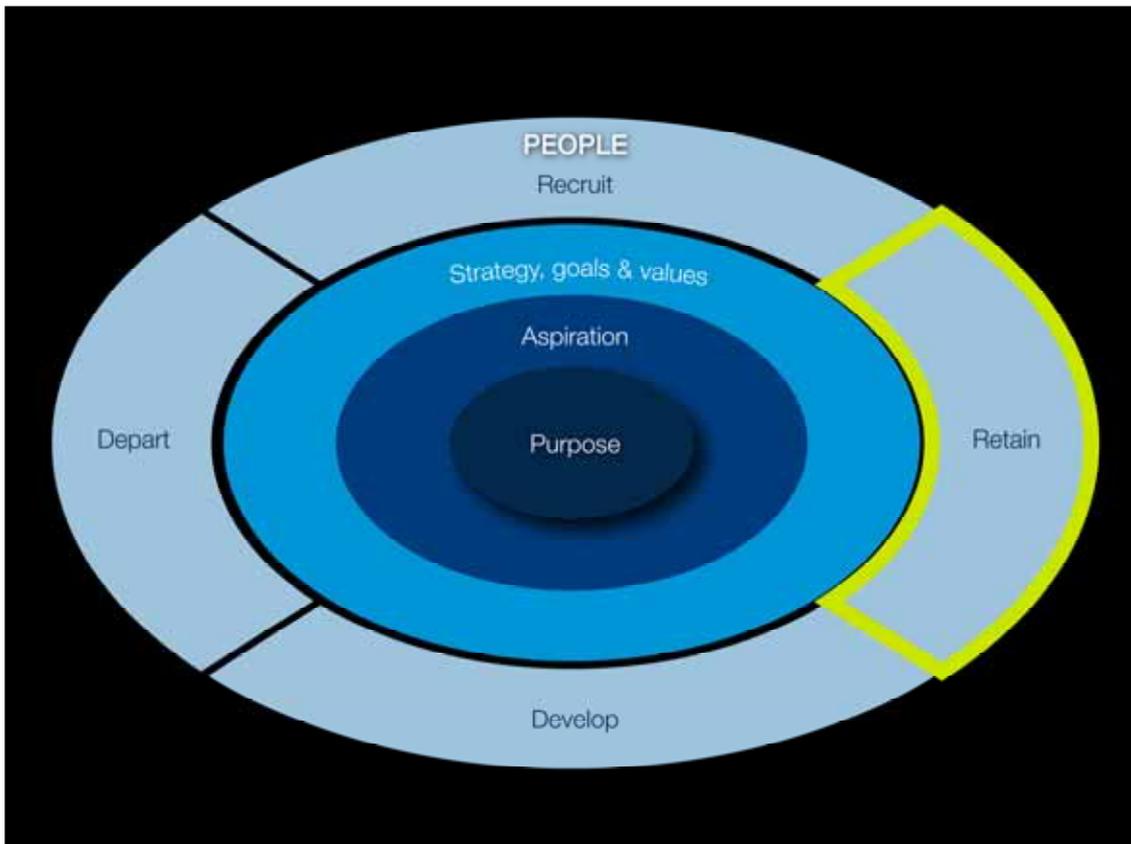
INDUSTRY OUTSIDER: Often comes with a transferable profession (e.g. accounting). Has either made the decision to do more for less or you’ll have to buy them. In talent short markets you have to look at these external hires more. Might be more likely to buck when they realise that there is no less accountability in a NFP organisation.

We see this all the time in our Entry Surveys and Exit Interviews. Outsiders leaving because they didn’t expect to be held accountable, and insiders leaving for a better deal elsewhere.

So the lesson is, to avoid waste, be highly attuned to which pool you’re fishing in;

- Be aware of the risks of that pool
 - identify “bad hire” risks early on with formal conversations with Entry surveys, follow up reminders, etc.
 - be clear about what you are and are not
- Deliver the promise you made

Let’s move to the productivity gains you can get out of your existing workforce...



Retain

We've chosen the word "retain", but in fact there's no point retaining people at any cost. The benefits of greater productivity far outweigh the costs of high turnover. But not everyone has the time or money to "clear the decks"; and far more commonly the issue is one of motivation and support.

For a person who walks through your foyer, or is given a tour of your facilities/offices/sites, your organisation probably looks like this...



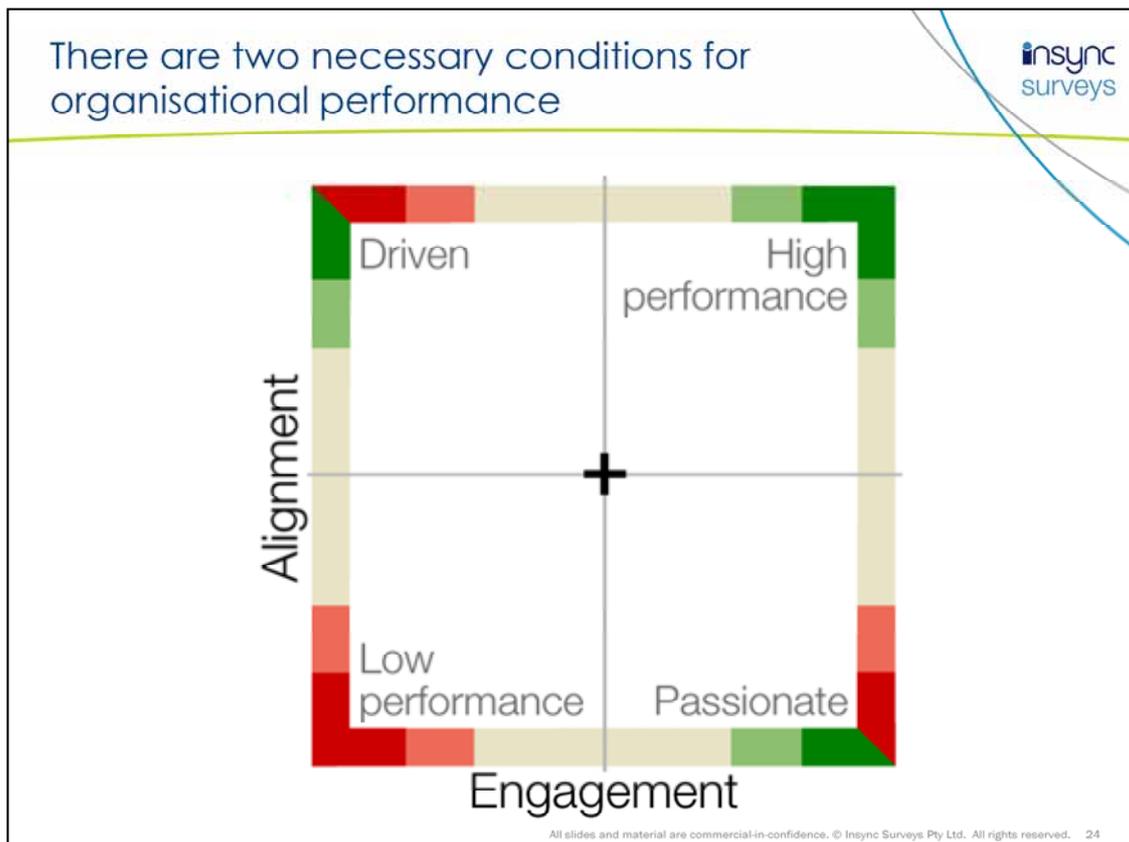
Retain

It's clear, transparent, it isn't obviously discoloured, it doesn't smell and it looks homogenous. However, when you put your organisation under the magnifying glass you'll find a lot more biodiversity than a casual observer might have noticed. Of course, this can be done by managers with some focus groups, employee surveys or in a range of other ways.

The point is, that to increase productivity you have to have a really frank and honest appraisal of where you are.

The other thing you might need is what we call "the religion". Either you subscribe to the idea that workplace factors can increase productivity and organisational performance or you don't. There's also other theories.

We've analysed the peer reviewed research connecting workplace factors to financial performance/effectiveness whatever measure you use; and there are two overarching necessary conditions: **alignment** and employee **engagement**.



Retain: There are two necessary conditions for organisational performance

Alignment is how well your organisation’s strategy, culture and systems combined contribute to high performance.

Examples of the high performance factors: long term direction, senior leadership, team leadership, team effectiveness, accountability culture, performance culture, investment in people, investment in systems and external focus.

Engagement is the extent to which employees are attached to the organisation and promote and act in its best interest.

The Insync Surveys model of employee engagement has items which derive from three engagement components:

Heart – the extent to which an employee is emotionally engaged with the organisation, comprising job satisfaction, pride in and commitment to the organisation

Head – the extent to which an employee carries a positive frame of mind at work, comprising enthusiasm for work, belief in the importance of contributing to the success of the organisation and resilience when facing challenges at work

Hand – the extent to which the employee exerts discretionary effort towards the benefit of the organisation, comprising the intention to go above and beyond basic role requirements, altruism towards colleagues, and willingness to share knowledge and experience

Where do you think your organisation is on the grid?

Where do you think your prospective external hires are on the grid?

Most external people think that NFPs are passionate organisations. That went by the wayside for most NFPs a long time ago.

What's the difference between average and world class finance depts?

- Hacket Benchmarking found that in average performing companies the Finance dept cost 1.06% of revenue but in top quartile performers it only cost 0.56% of revenue
 - *“World class companies spend less in every cost category, although they spend slightly more proportionately on technology.”*
- Where's the good news?
 - *“At average companies, a few team members in finance spend less than 10 hours per week improving processes and information flow with suppliers and working with customers to make the sales process more efficient. At world-class companies, there are dedicated teams that spend more than 30 hours per week on each of these tasks.”*

Retain example: What's the difference between average and world class finance depts?

A new client management database was rolled out that replaced paper notes to improve knowledge management and increase collaboration. The notes were used for Government reporting and then filed or used later if the same person saw the same client.

This allowed the identification of good practice wherever it existed and permitted it to be recorded and publicised. It gave massive productivity improvements and also meant that the negative effects of staff turnover were mitigated, since new people could find information on clients they were taking over.

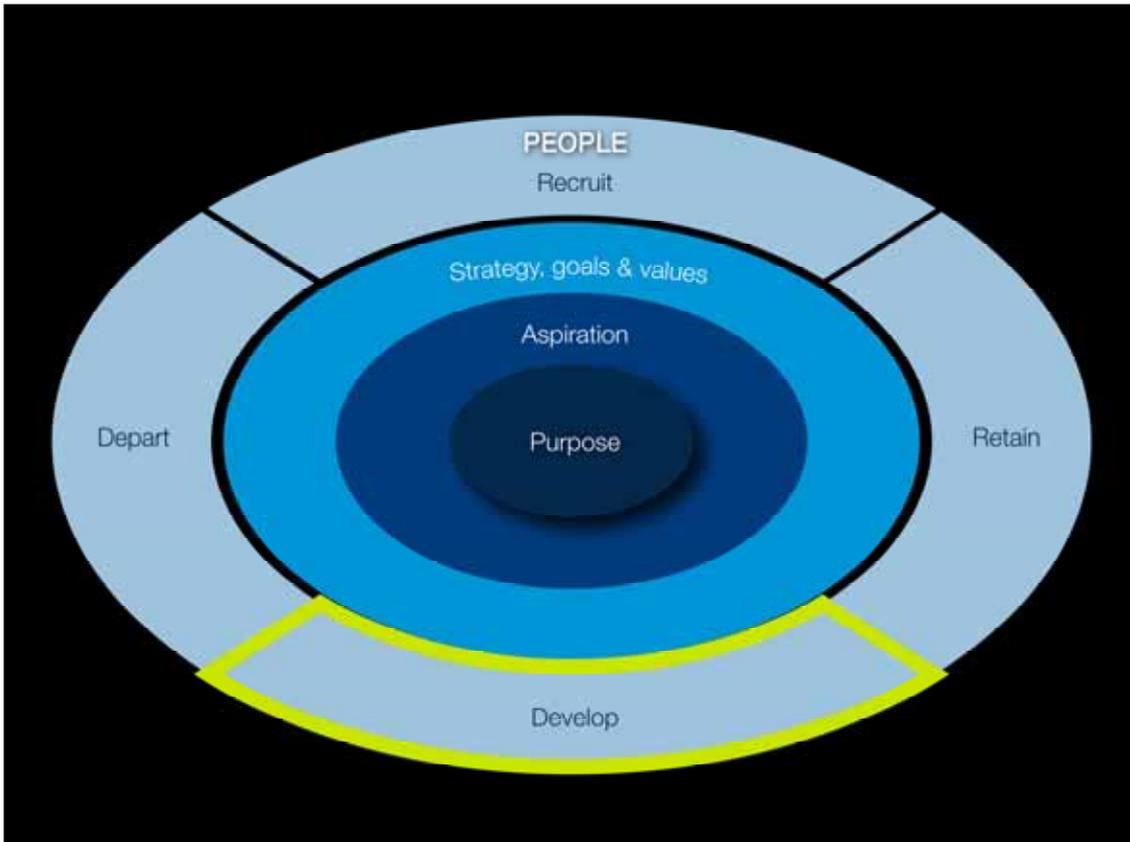
Do good accounting and finance systems increase productivity?

- Yes!
 - Gilboa et al (2008) conducted a meta-analysis of the relationship between “situational constraints” (defined as “a situation in which conditions in an employee’s immediate work environment inhibits or constrains performance, like improper machinery or inadequate supplies” “... likely to be detrimental to an individual’s ability to function because the individual often has little control over these constraints.”
- There was a moderate significant relationship between these two
- In other words, when things like IT and finance systems work well, organisations perform better

Retain: Do good accounting and finance systems increase productivity?

Including resource adequacy and various types of performance. They found a moderate significant relationship between situational constraints and general performance and supervisor-rated performance.

There are at least 80 different workplace factors that have a proven link to increased productivity/performance. Contact us for more information.



Develop

An employee survey showed that leadership deficits were actually common all over the organisations. They realised that making good leaders great was not the challenge. Instead, it was getting people to a basic level of leadership skill and competence.

They ran the program for a number of years and saw an improvement in scores. Business performance also improved and provided increasing surpluses.

All roads may lead to leadership

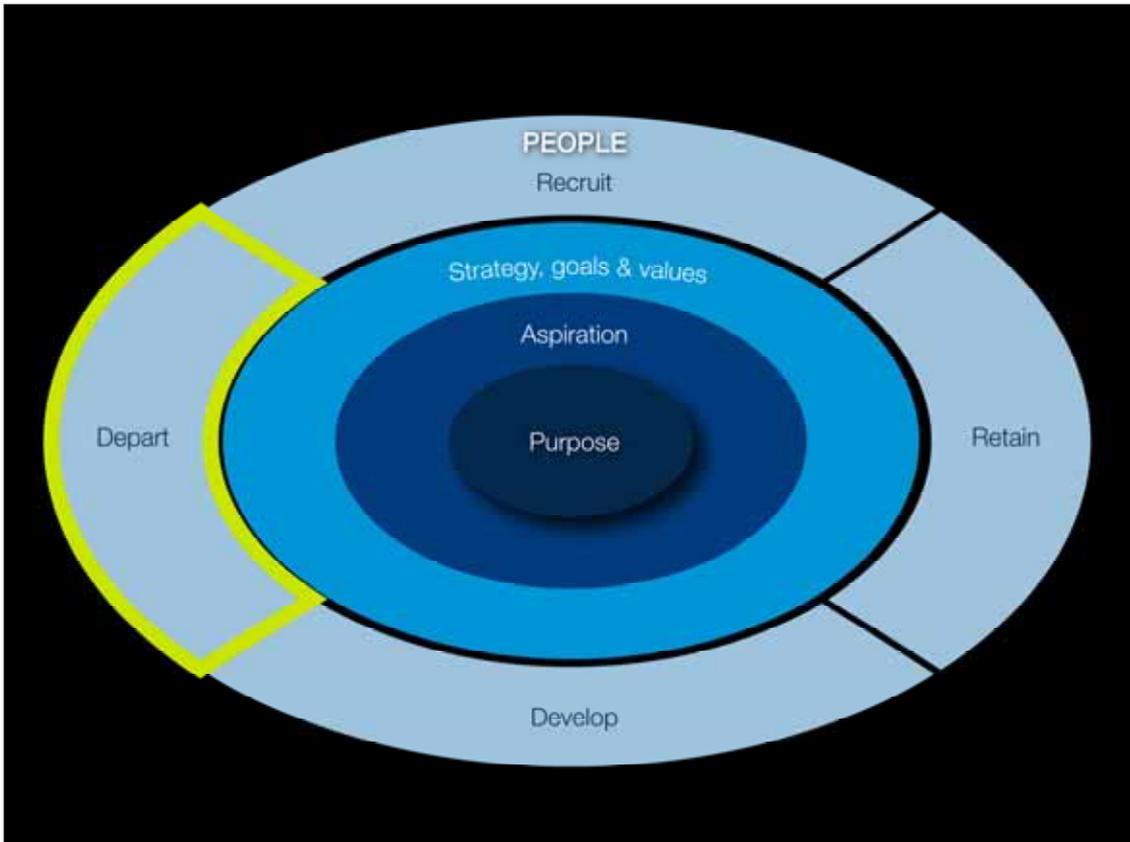
- Bad hires, lack of engagement, poor alignment or high attrition can all be a result of poor leadership
- Good data will tell you whether leadership is the problem
- Honest leadership discussions, such as 360s, can facilitate teamwork, identify training requirements, support cultural change and develop emotional intelligence

Trust not yourself, but your defects to know, make use of every friend and every foe.

—Alexander Pope

Develop

Productivity gains can be made without any alterations to systems or processes if leadership can be improved. In tough times it is important not to breach the psychological contract with employees and “walk the talk”.



Depart

Losing employees is a natural part of running an organisation but losing key people at the wrong time can cause major setbacks. Understanding why people leave is critical to manage staff turnover.

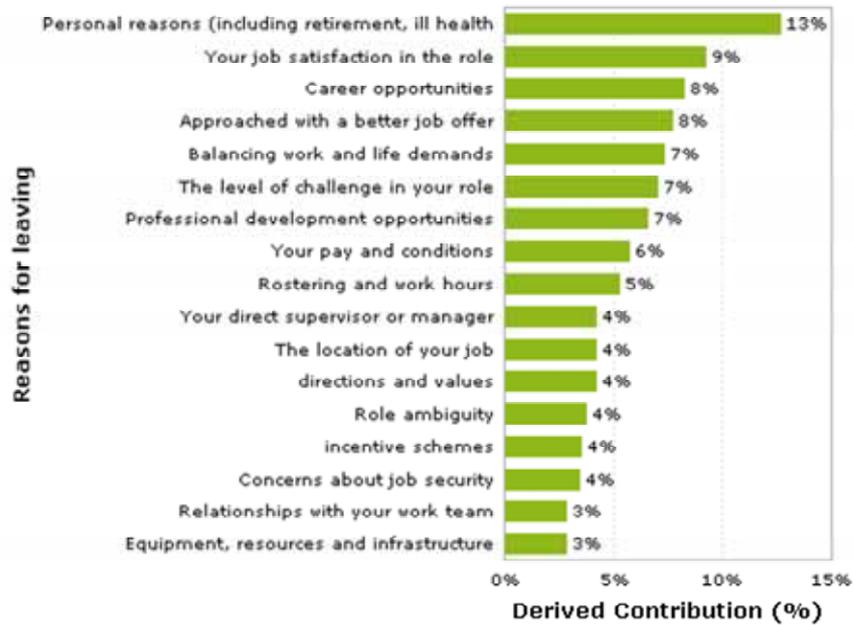


Depart example

Example of a time when a departure was very costly for the organisation: A long serving and effective employee at a NFP organisation had been absent due to illness for a long period. During that person's absence very significant changes were made to the person's position. When they returned they were practically made redundant on the first morning. Though a great deal of it was properly handled from a regulatory perspective, it was handled so poorly by both the line manager and the employee that they were awarded close to a six figure sum for unfair dismissal. Four or five people were involved in gathering the evidence, writing the submission, going to hearings, etc., doubling the cost of the departure.

The business case for keeping your ear to the ground and capturing why people are leaving is probably the simplest one you'll ever make. Reducing turnover by just one point will more than pay for all the time you invest in capturing these data with an Exit Interview.

Be careful of treating data in isolation

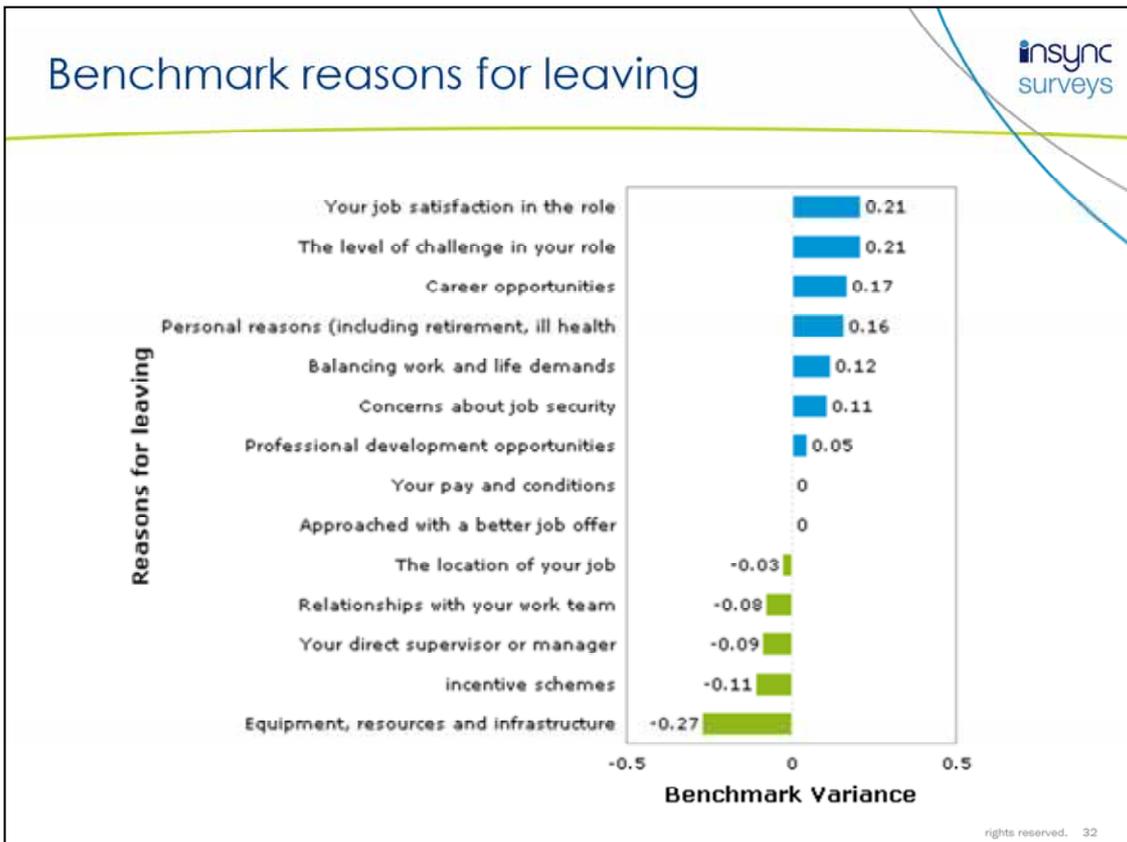


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Depart: Be careful of treating data in isolation

This is a chart from Insync Surveys' Exit Interview portal that shows the reasons for leaving. You can see that "personal reasons" is the top reason for leaving in this organisation...but beware of taking this information in isolation.

Note: Some of these reasons can't be avoided i.e. "location of your job" and "personal reasons".



Depart: Benchmarked reasons for leaving

It's natural for a certain amount of employees to leave due to personal reasons, but how does this compare to other organisations? And does this affect how you interpret the data?

This chart shows the same list of reasons for leaving as the previous chart, except the data is benchmarked against all other organisations in Insync Surveys' Exit Interview database.

In this chart the top reason for leaving is related to job satisfaction. This means, job satisfaction is the biggest factor contributing to departures, more so than other organisations.

To delve into the issue further, you can review the responses to the Exit Interviews in more detail to get to the root of the problem. You can also conduct an employee survey, such as our Employee Opinion Survey or Alignment and Engagement Survey, to see how wide spread this issue is.

If it shows that leadership is the problem you can use 360 Feedback Surveys and leadership development to improve.



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