Mission and market

EMBEDDING IDENTITY AND PURPOSE TO SURVIVE
AND PROSPER IN THE NEW NFP PARADIGM

insync **Success. Mapped.**

Contents

Introduction

PROFOUND CHANGES ARE IMPACTING THE NOT-FOR-PROFIT (NFP) SECTOR. HAVING A CLEAR IDENTITY AND PURPOSE CAN HELP NAVIGATE THROUGH THESE CHANGES.

This paper examines the nature and extent of change being experienced by NFP organisations and what can be done in response. Its findings and conclusions are drawn from our significant sector experience and two major sources of information:

- 32 telephone and face-to-face interviews conducted with CEOs and senior executives from leading NFP organisations (Appendix 1)
- 102 NFP employee engagement surveys conducted by Insync with 23,000 employee responses (Appendix 2)

The intention of the paper is to provide NFP executives with insights into real life challenges and proven strategies for embedding a strong identity and purpose in their organisations.

Virtually all the organisations participating in this study reflect their identity and purpose in their vision, mission and values statements. The executives who participated in this study are convinced that embedding their vision, mission and values deep into their organisation's ethos and DNA is vital for their survival and success. They were very generous in sharing what they are doing to achieve this.

It cannot be assumed that people who work for an NFP organisation will automatically feel connected to, and inspired by, the organisation's vision. This study was prompted by the disconcerting fact that *less than half* of the employees in our large NFP database are inspired by their organisation's vision. We decided to conduct a sector wide study to understand why this is so and what can be done about it.

There are four key messages that come out of this study:

- A new paradigm is fundamentally reshaping the NFP sector
- Connecting employees with your identity and purpose is essential for dealing with the new paradigm
- The challenges to embedding your identity and purpose should not be underestimated
- Embedding your purpose requires a sustained leadership commitment and systematic approach

Some NFP organisations have been systematically working on these challenges for a number of years. While they continue to adapt as necessary, they feel well prepared for the future and are confident in the actions they have taken. It is much appreciated that they were willing to share the practical lessons they have learnt to help others navigate through this challenging environment.

Key messages

A new paradigm is fundamentally reshaping the NFP sector

FAR REACHING REFORMS ARE INTRODUCING MARKET CONCEPTS AND PRACTICES.

In the new paradigm NFPs will have to compete vigorously for clients. While competing in the market, they must stay true to their mission. They must continue working towards a better, just and equitable society not only because it is the reason for their existence, but also because it could be a source of competitive advantage – a meaningful vision and purpose can help attract and retain both employees and clients.

Mission and markets don't need to be mutually exclusive. NFPs can genuinely care for disadvantaged people while also being commercial and efficient. It is however a massive mind shift to not only serve disadvantaged people today but to also seek profits to invest in required capabilities for the future.

It is becoming an increasingly turbulent and uncertain environment characterised by:

- *Open markets and competition* – moving from a mindset of caring for the disadvantaged as best you can, to actively competing for consumers by offering the right service and pricing packages.
- *Consumer choice and empowerment* – requiring enhanced marketing capabilities, including being clear on your target market, managing individual consumer records, providing consumers with online self help functionality and using activity based costing to enable competitive pricing of individual service bundles.
- *New business models* – finding the right scale and scope for your "business" (possibly including mergers), collaborating with partner organisations, updating service delivery models, driving down overhead costs through technology and other enablers, and increasing commercial acumen.
- *Workforce attraction and retention* – finding the right mix of full-time, part-time, casual and volunteer workers, developing value propositions to attract and retain the right people via a mix of mission alignment, flexibility, job satisfaction and equitable remuneration.

Embedding your identity and purpose is essential to prosper in the new paradigm

NFPS THAT TRULY LIVE THEIR VISION AND VALUES WILL DO BETTER IN THIS TURBULENT AND UNCERTAIN ENVIRONMENT.

To examine this assertion we analysed our NFP database comparing the responses of people who indicated they were inspired by their organisation's vision (*inspired employees*) with those who indicated they were not (*uninspired employees*). We analysed 23,000 employee responses from 102 employee engagement studies.

We looked at how the inspired and uninspired employees responded to other important indicators of organisational performance. The results were unambiguous:

- *Employee attraction and retention* – **84%** of inspired employees would recommend their organisation as a workplace to their family and friends, compared to **17%** of uninspired employees.
- *Client focus* – **76%** of inspired employees think their organisation consistently shows its commitment to achieving long term customer loyalty, compared to **15%** of uninspired employees.
- *Innovation* – **72%** of inspired employees think their senior leadership team encourages innovative and creative ideas, compared to **6%** of uninspired employees.
- *Performance* – **85%** of inspired employees think their organisation is committed to high standards of performance, compared to **25%** of uninspired employees.

These results clearly demonstrate the strong relationship between vision and other key performance indicators. A deeply embedded vision can give your organisation the platform it needs to navigate successfully through the uncertain times ahead.

The challenges to embedding your identity and purpose should not be underestimated

NFPS CANNOT TAKE IT FOR GRANTED THAT EMPLOYEES WILL BE INSPIRED BY THEIR ORGANISATIONAL VISION.

Across our full NFP database, 43% of employees indicated that they were inspired by the vision, 40% were neutral and 17% were uninspired.

Our interviews with the 32 NFP executives uncovered 10 common challenges that must be overcome. Here are five of the 10 challenges that were identified (all 10 are described more fully later in the paper):

- *Defining the cause* – when your organisation has multiple services it can be tricky defining a vision that is succinct but also meaningful to employees who are facing very different client needs.

- *Mission drift* – some study participants indicated that with the pressure of winning and managing contracts, they had put too much emphasis on satisfying contract requirements and temporarily lost sight of their larger purpose.

- *Job security / rates of pay* – when NFP employees are unsure about their jobs and about providing for their families, their worries and insecurities can reduce their focus on the organisation's purpose and vision.

- *Heritage mindset* – with a lot of organisational change, mergers and acquisitions, some employees will yearn for things to be the way they used to be; their loyalty may be directed towards the vision of their original organisation, not the changed or merged organisation.

- *Remote locations / tyranny of distance* – many NFPs have rural and remote locations with small numbers of employees located there; this limits the frequency of face-to-face dialogue which is the most powerful way of embedding your identity and purpose.

Embedding your purpose requires a sustained leadership commitment and systematic approach

DETERMINATION (A DEEP RESOLVE) AND ORGANISATION (A FAR REACHING AND THOROUGH APPROACH) ARE REQUIRED.

Notwithstanding the challenges outlined above, some organisations have made tremendous strides in embedding their visions, with around 70% of their employees being inspired, 25% being neutral and 5% being uninspired – a very good position to be in.

The executive interviews made it clear that strong leadership, consultation and leveraging all of the organisation's processes and systems are required.

They highlighted five key factors for systematically embedding vision and purpose throughout their organisations:

- *Lead* – executives and line managers must guide the way, set the example and be role models.

- *Compose* – the vision and values must be created in an inclusive way and use words that resonate with a diverse workforce.

- *Communicate* – two-way dialogue is vital – telling stories to illustrate the vision and conducting appreciative inquiry, helping employees to make their own connections.

- *Buttress* – supporting, strengthening and defending the vision via people management processes, such as recruitment, induction, learning and development, recognition and reward, and promotion.

- *Measure* – testing how well the vision is being embedded via a variety of feedback mechanisms such as surveys, polls, focus groups, interviews, discussions and meetings.

A new paradigm
is fundamentally reshaping the NFP sector

1

The 32 executives who participated in this study emphasised that the scale of change impacting the NFP sector is unprecedented. There are multiple change themes and they are inter-related. One change theme impacts and reinforces another. The uncertainty of how these different change themes will impact each other makes the future unpredictable. There is an enormous amount of uncertainty. There is a lot of risk. Significant shakeout in the sector is inevitable. Many organisations are making fundamental changes to meet these challenges. Study participants used words like *repositioning, transformation, mergers, acquisitions* and *restructuring* to emphasise the scale of change in their organisations.

This paper is entitled *Mission and market* because this is seen to be the essence of the paradigm shift. Can an organisation be both mission and market driven? Can you be true to your ethos and your fundamental values while also competing vigorously with other organisations for consumers?

The participants in this study answered yes to both questions – mission and market need not be mutually exclusive. Why can't you genuinely care for disadvantaged people while also being commercial, efficient and looking to maximise your margin so that you can invest in the capabilities you need to serve your consumers even better in the future?

While mission and market don't need to pull an organisation in different directions, they will not necessarily pull it in exactly the same direction either. There is a balance and a tension to make sure that your organisation can be true to both imperatives. From time to time you might put too much emphasis on one or the other, and will need to rebalance when you become aware of it.

This paper will argue that in a turbulent environment like this, it is more important than ever to be clear on your organisation's identity and purpose (*who are we, what do we stand for, why do we exist*). Having a strong and shared identity and purpose can help enormously in navigating through a complex and fast changing environment.

No sections of the NFP sector seem to be immune from the changes, whether they be focused on aged care, disability, mental health, education, welfare, refugees, environment, development, employment, housing, family support, animal welfare or other social services. All are being profoundly impacted by four strong themes (which, as mentioned previously, impact each other in unpredictable ways):

- Open markets and competition
- Consumer choice and empowerment
- New business models
- Workforce attraction and retention

1.1 Open markets and competition

Funding shortfalls

Demand for social services is increasing at a much faster rate than available funding. One way the federal and state governments are planning to address rising needs and reduce the funding gap is by encouraging competition. It is believed that new market entrants will bring innovation, help improve service standards and drive down costs. Far reaching reforms have been going on for some time now to open up and commercialise the NFP "market", with aged care, disability and employment services being notable examples.

Government reform

The reforms being introduced by government and other funding bodies aim to achieve sustainable, equitable and people-centred social services. Ideally the reforms will be implemented at a reasonable pace, with proper consultation between government, consumers and providers. However, there is much uncertainty and risk. Some speak of "reform turbulence" in a complex policy and political environment. There is undoubtedly sovereign risk. Changes in the governing party often lead to substantial changes in direction. Investment decisions that have a long time span could prove to be costly mistakes if policies are discontinued or reversed in the short or medium term. It is very hard to predict what the regulatory environment will look like in the next five to 10 years with the two major parties having significantly different priorities and policies.

Open markets

Having said that, the broad direction towards market based competition is clear. The NFP sector is becoming increasingly open and contestable. As discussed in the next section, consumers of social services will have more power and choice. Providers will need to have a competitive mindset. They will need to compete on the quality of their approach, their services and their prices. They will need to build their marketing capabilities to attract consumers to their "business". There will be more "for profit" providers competing with "not for profit" providers.

Technological disruption

Technology will open up the market even more. Digital disruption will be experienced in the NFP sector as it has been in publishing (Amazon), media (free online newspapers), hospitality (Airbnb) and transportation (Uber). Online services for facilitating peer to peer service provision and feedback have been emerging for some time (for example CareOpinion Australia, mysupportbroker UK,

and bettercaring Australia). This trend will facilitate the rise of small, agile and low overhead home businesses that can directly service consumers in areas like home care. Social media will also open the market to increased feedback, consumer acquisition and competition.

Self-funding

Many organisations are using markets to fund their mission. Social enterprises are becoming more common. The strongest organisations are able to generate at least some of their own funding to serve their clients and build their capabilities. Funding sources include op shops, coffee shops, restaurants, early learning centres, gyms, swimming lessons, fees for service, aged care property developments and so on. It can lead to an interesting business mix. For example, an organisation might help fund its aged care services in a poor area by providing early learning education services at profitable prices in a wealthy area. Both services are beneficial for society, but they are very different and will have very different employees.

Some sort of self-funding, or having untied funding sources, will be very important for investing in organisational capability, including technology investments that will be essential for supporting customer service and low overhead structures in the future.

Being mission and market driven

It is a huge cultural change to go from a mindset of caring for the disadvantaged as best you can, to actively competing for consumers by providing the right service and price mix. It is likely that this huge shift will be too much for some people and organisations to cope with.

It is quite possible that the two imperatives could also cause tensions between different parts of the organisation. We sometimes find in our work with clients that a gap can develop between the executive team and middle level managers. The executives are often focused on preparing for the future and competing for new opportunities, while mid-level managers are focused on meeting the day to day needs of clients within the existing business. This difference in emphasis can cause tensions that need to be identified and addressed.

Mission and competitive advantage

It should also be noted that mission can be a distinct competitive advantage in the market. A trusted organisation (or brand) that is true to its vision, mission and values is much more likely to attract people in need rather than pure commercial operators who are not consumer focused and who are only interested in making money. Some short sighted commercial operators like this are likely to enter the market (as happened in the registered training organisation (RTO) sector), but most commercial organisations are genuinely consumer centric

and have found that this is what makes them sustainable in the long term. It would be a mistake to assume that "for profit" organisations won't look after their consumers very well, but well established NFP brands who are genuinely living their vision, mission and values could be hard to beat if they can also embrace the market to the extent that they need to.

Advocacy

Most NFPs don't only exist to provide direct support to those in need. In fact, many see advocacy as their primary mission. Rather than just providing assistance to disadvantaged people in society, they seek to change society to make it fair, just, tolerant and equitable where there are no or (at least far fewer) people experiencing disadvantage. They wish to address causes more than symptoms.

It might be harder to fund advocacy in a market environment. It might also be harder to raise advocacy issues if these go against the interests of those organisations funding you; for example by criticising government policy when the government might be providing much of your funding.

This paper argues that you must be true to your mission while simultaneously embracing the market. Therefore advocacy cannot be compromised when it is part of your identity and purpose. The hope and passion for creating a better world is not only a calling it is also a potential source of energy, excitement, belief and competitive advantage. It is certainly not easy to navigate through all these issues and challenges, but being true to your identity and purpose will make your long term sustainability much more likely.

1.2 Consumer choice and empowerment

Consumer choice and empowerment is closely associated with open markets and competition. Consumer directed care has been, or is being introduced, in many parts of the NFP sector. It aims to help consumers achieve their goals and improve their lives. It gives them the power to choose the services that they want from the provider they feel most comfortable with.

Part of the paradigm shift is that people get to set their own goals. Caring organisations don't decide what is best for the client. The client decides. Many organisations recognise that their clients should be afforded the dignity of risk - respecting each individual's autonomy and self-determination to make choices for himself or herself. This involves some risk, but risk is an integral part of living and must therefore be accepted within reasonable parameters.

Some NFP organisations are reconsidering the concept of care and whether they should see their primary purpose as caring for (looking after) others. Care can be disempowering as it might imply that people can't look after themselves and make their own decisions. Some organisations put a big emphasis on hope and optimism. When their clients take positive action they achieve positive results. The organisation's role is not so much to look after people but rather to support and encourage the positive action that clients can take to achieve their own goals. Naturally this applies to some client groups more than others, and is less applicable to the very old, frail or disabled. Notwithstanding this, there is a strong push to keep people independent, encourage restorative care and respect people's autonomy.

For some organisations the shift to person centred services will be a massive cultural and systems challenge. One participant made the comment that to some extent care was previously industrialised, commercialised and commoditised. Services were designed to suit the efficient operations of the institution rather than the unique needs and preferences of clients. Arguably, schools and hospitals are still largely run under this paradigm.

Choice and person centricity have profound implications that many NFPs are not yet ready to manage:

- Activity based costing of individual service bundles to ensure accurate and competitive service pricing

- Management of individual client records, showing their needs, preferences, contact details, services received, services scheduled and possibly also activities conducted with partner organisations (while also providing the required level of client confidentiality)

- Having a strong social media presence to attract targeted clients and being aware of the risks posed by social media if clients have negative experiences

- Providing savvy clients with online self-help functionality – accessing the information they want when they want it and being able to respond quickly to queries and online chats, being able to meet expectations of responses within an hour as some commercial organisations do

The expectations of baby boomers accessing more services will also have a big impact on NFPs. They are typically demanding, have high expectations, expect autonomy, and want dynamic and flexible options tailored and individualised to them. They will not be afraid to move their package of care to a different provider if they are not satisfied.

Finally, many NFPs will need to ramp up their marketing capability and spend to attract and retain their target clients. Some will need to rethink the scope and scale of their services and the client groups they service. In

the future you will need to be the *preferred* provider, not simply a *good* provider. It is a different standard. Only the larger organisations might be in a position to serve the full spectrum of clients. Others might choose to specialise on meeting the unique needs of specific groups such as lesbian, gay, bisexual, trans/gender diverse and intersex (LGBTI) people, indigenous Australians or people from diverse cultural and language backgrounds.

1.3 New business models

The imperative for innovation and for building organisational capability by orders of magnitude was mentioned by many of the study participants. The drivers for this have already been mentioned – funding constraints, deregulation, technological disruption, new market entrants, changing consumer expectations, and even workforce changes (to be discussed in the next section).

Another imperative is the increased emphasis on measuring outcomes and demonstrating impact. Funding organisations want evidence that their investment is making a difference. They want to know that the organisation is indeed achieving its mission. They also want confidence that the organisation is providing quality services and protecting the rights, dignity and safety of the vulnerable people they serve. For many front line workers and their immediate managers this means an increase in compliance activity and "paperwork". If the required systems and processes are cumbersome, it not only causes employee frustration, it also reduces the time and energy that can be spent on meeting customer needs.

Not only are NFPs revisiting their service delivery models based on new evidence and research, they are also improving and streamlining their back office capabilities. Many are investing heavily in technology, systems and processes to provide better support to front line workers and to reduce overhead costs. Many are working very actively to reduce their overhead costs so that more funding can be directed to serving customers, while also making them *lean* and *competitive*.

While many have been reticent to invest heavily in technology in the past, this is now changing. Many are now making substantial investments in enterprise wide and cloud based technology capabilities, covering all the key business areas: marketing, branding, web, social media, customer relationship management, human resources, workforce management, employee rostering, appointment management, quality management, compliance, finance, accounting, asset management, accounts payable, accounts receivable, and so on. The more these systems can be integrated the better. With increasing complexity and reporting requirements, very strong IT platforms

are required to reduce manual processing and to keep overhead costs down.

Many NFPs are also employing different people to run their support and front line functions. They are looking for the best marketing, business development, operations, services, human resources, IT and procurement professionals to run a highly competitive business. Many organisations participating in this study have seen very significant changes at executive and senior manager level over the last three to five years. Changes in the economy have opened up opportunities for NFPs to recruit highly experienced executives from the private sector, especially in those areas most hit by the downturn in the resources cycle, like Perth and Brisbane. Many of these people bring great commercial experience but need to be carefully selected and onboarded to ensure full alignment with the organisation's mission and ethos.

Finally, some NFPs are taking a serious look at the scale and scope of their operations. They are asking questions like:

- Are we the right size to compete effectively?
- Have we got sufficient scale to make the technology and other investments we need?
- Have we got the right service and program mix? Should we be focused on specific client groups or specific needs to strengthen our competitive advantage? What are the tangible client and organisational benefits that can be achieved by having multiple programs?
- Is our geographic footprint right? Should we be an international, national, state or metropolitan/regional organisation?

Going forward there will be many interesting strategic discussions about the relative merits of being a generalist versus a specialist organisation. Faith based organisations have often had a much more general purpose – extending God's love and helping the less fortunate, no matter what their specific needs were. Non faith based organisations have often had a very specialised purpose. They would often grow out of a specific need for an identified client group where there was a service gap, such a providing care to a sibling, child or parent with a particular disability. How will this unfold going forward? Will some faith based organisations become more specialised? Will some non faith based organisations look to leverage their core capabilities in areas outside their traditional specialisation?

Many participants in the study made the point that we are not going through a once off change process and can then expect to go back to steady state. Change will be ongoing. Organisations will need to continually review, evaluate and change their business models. Transformation, mergers and acquisitions will be an ongoing part of the "new normal" environment.

1.4 Workforce attraction and retention

This section refers to workforce rather than employees because there are many models for getting work done, including full-time, part-time and casual employees, volunteers, independent contractors, consultants and other partner organisations. In an increasingly complex world, the most successful organisations will know how to deploy the best workforce most effectively.

Volunteers and volunteering might become an increasingly important part of the mix for NFPs to compete effectively with "for profit" organisations, even though many NFPs are already getting tremendous support and assistance from their volunteers.

As physically healthy and skilled baby boomers "retire" in increasing numbers they could swell the ranks of the existing volunteers. All the latest research into wellbeing shows that having a strong sense of mastery and purpose are fundamentally important for a person's mental health. People who only indulge in leisure will generally have less wellbeing than those who have a healthy mix of leisure and work. The research shows that "doing something useful" and "working for a higher cause" is a deep human need and by volunteering they will not only be helping society, they will also be helping themselves. If this demographic trend does play out, then competing in the open market for volunteers will be critical. Organisations with the strongest identity and purpose will be the ones who attract and retain the best volunteers (and who therefore become more competitive with a lower cost base).

Strong organisations are able to attract and retain the right people for the job. Another Insync research paper, *Employee retention in community services organisations* (www.insyncsurveys.com.au/resources/research), showed that about a third of organisations had a problematic level of employee turnover (over 22% p.a.). High levels of turnover have well known negative consequences, disrupting client service and relationships, consuming management time, reducing productivity and incurring additional recruitment and training costs.

A key requirement for balancing mission and market into the future is having an attractive employee value proposition (EVP) that finds the right mix of job satisfaction, connection with the organisation's purpose, fair remuneration, development opportunities and work-life balance. One participant commented that by implementing many of the actions outlined in Section 5 of this paper, they were able to reduce employee turnover from 60% to 15% p.a. The benefits of such a reduction are not hard to imagine.

To conclude this section one final point must be made. The discussion of the new NFP paradigm has mostly spoken of markets in positive terms, outlining the benefits for consumers from increased choice and competition. Unregulated markets can also have a dark side, having a very negative impact on the lifestyles of low paid workers. The retail market in the USA is a good example of this. Walmart employs 1.4 million people in the USA, with notoriously low wages. By one calculation "full time" associates might earn as little as $15,700 per year. As a result, a large number of Walmart workers receive government assistance, like Medicaid and food stamps.

Another challenge for NFPs to navigate will be to continue treating their workers with the same consideration that they treat their clients. In the drive for efficiencies, wage rates will need to be fair. Some predictability in the hours required for work will need to be maintained. Unfair costs should not be outsourced to employees (such as paying for their own training). NFPs will need to compete with the support of motivated, skilled and fairly remunerated people and avoid a race to the bottom. Interestingly, there are very successful retailers such as IKEA, who apply a different model to Walmart and can compete while also looking after their employees. NFPs that are true to their identity and purpose will need to continue doing the same.

Embedding your identity and purpose
to prosper in the new paradigm

The previous section highlighted how the NFP paradigm is fundamentally changing. It also put forward the view that a clear identity and purpose will help NFPs survive and prosper in the new environment.

This section presents evidence from the 102 NFP employee engagement surveys to support this assertion.

Our method was to examine how employee responses to one survey statement related to their responses to other statements. We examined how those who indicated that they were *inspired by the organisation's vision* responded to other statements. The hypothesis was that employees who were inspired by the vision would be much more likely to recommend the organisation to others, be more focused on client satisfaction and be more concerned about the organisation's performance. (See Appendix 2 for further information on our research method.)

The hypothesis was unlikely to be proved wrong. Common sense would seem to indicate that inspired employees would make a stronger contribution to an organisation's success than uninspired employees.

While it is reassuring to see that the data does support this common sense notion, it was the strength of the relationship that was most interesting. The data will give reassurance to executives investing time and money in embedding their vision and purpose that they are indeed doing the right thing. There is convincing evidence that an inspiring vision does have a very strong relationship with other important areas of organisational performance.

We found that being inspired by the organisation's vision is strongly related to the following areas:

- Employee attraction and retention
- Client focus
- Innovation
- Organisational performance

2.1 Employee attraction and retention

The previous section discussed how important it is to attract and retain the right people to provide superior client service and enhance competitiveness.

To explore this in more detail we looked at the impact that vision has on two indicators:

- I would recommend our organisation as a workplace to my family and friends
- I can envisage a fulfilling future for myself at our organisation

Unsurprisingly, those who are inspired by the organisation's vision responded much more favourably to both statements. The charts show that 84% of inspired employees would recommend their organisation to others, while only 17% of the uninspired would. Similarly, 77% of inspired employees can envisage a fulfilling future for themselves at the organisation, while only 14% of the uninspired can.

Chart 1: I would recommend our organisation as a workplace to my family and friends

Inspired employees	84%
Uninspired employees	17%

0% 10% 20% 30% 40% 50% 60% 70% 80% 90%
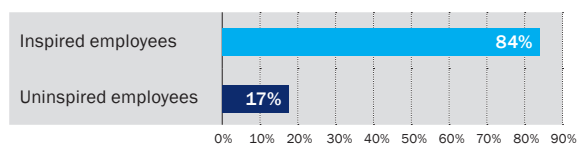
Chart 2: I can envisage a fulfilling future for myself at our organisation
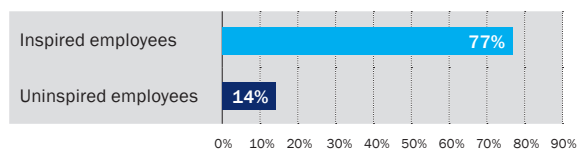
Inspired employees	77%
Uninspired employees	14%

0% 10% 20% 30% 40% 50% 60% 70% 80% 90%

Key: percentage of respondents who agreed with the statement by selecting either a 6 (agree) or 7 (strongly agree) on a 7 point Likert scale.

There are some interesting questions that come out of these results, which are outside the scope of this paper. For example, relating to the first graph, why would 16% of inspired employees either be unsure or unlikely to recommend their organisation to others? There are many possible answers that might relate to a lack of personal job satisfaction, not having the right work-life balance, work stress or remuneration. Likewise, why would 17% of uninspired employees still be willing to recommend the organisation to others? Perhaps it might have something to do with helping others, a good team environment, good working conditions or flexible working arrangements. We can only put forward some possible reasons without providing definitive answers within the scope of this study.

The salient point is that a clear identity and purpose (as indicated by an inspiring vision) does have a very significant impact on attracting and retaining the right people. If you don't have an inspiring vision, then fewer than one in five employees would be likely to stay or to recommend your organisation as a workplace to others.

2.2 Client focus

In the old paradigm funding was provided to NFPs to provide the best possible service they could to their clients. In the new paradigm clients are given service packages to spend with the provider of their choice. If a provider doesn't meet their expectations then they have the power, autonomy and choice to take their funding elsewhere. NFPs need to move beyond serving their clients to also engaging and delighting their clients.

We looked at how an inspiring vision impacted responses to the following two survey statements:

- Our organisation consistently shows its commitment to achieving long term customer loyalty
- Customer needs feature prominently in decision making at all levels in our organisation

Again, there is a very strong relationship between having an inspiring vision and demonstrating a strong customer focus. The charts show that roughly three quarters of inspired employees think that their organisation is committed to long term customer loyalty and focusing on customer needs. Only one in six of uninspired employees feel the same way.

Chart 3: Our organisation consistently shows its commitment to achieving long term customer loyalty

Inspired employees	76%
Uninspired employees	15%

0% 10% 20% 30% 40% 50% 60% 70% 80% 90%
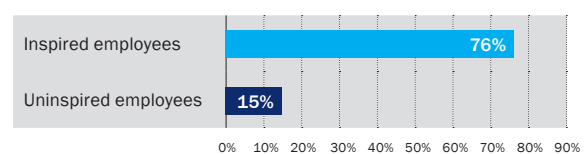
Chart 4: Customer needs feature prominently in decision making at all levels in our organisation
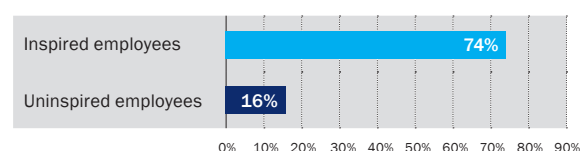
Inspired employees	74%
Uninspired employees	16%

0% 10% 20% 30% 40% 50% 60% 70% 80% 90%

Key: percentage of respondents who agreed with the statement by selecting either a 6 (agree) or 7 (strongly agree) on a 7 point Likert scale.

There are two points worth mentioning about these results.

The first relates to causality. Analysis of the relationship between variables A and B does not imply that A causes B, merely that the relationship exists. It is likely that there is a reciprocal relationship between having an inspiring

vision and being customer focused. While it is likely that being inspired by the vision will cause people to be more customer focused, it is also quite likely that an organisation's customer focus could cause someone to see the benefits of what the organisation does, thereby causing them to buy into the vision more. Happily this is a positive spiral. Knowing that there is a positive relationship between vision and customer focus, and doing your best to foster both will be critical for positioning your organisation for the future.

Secondly, it is not too hard to understand why a quarter of inspired employees are either not sure or disagree that their organisation has sufficient client focus. They may well be inspired by the vision, but nonetheless be disappointed, or even frustrated, that the organisation is not doing enough to understand client needs and go about meeting them in a systematic way. It is sincerely hoped that these inspired employees will be agitating for the organisation to become much more responsive to its clients. They will hopefully be the change agents who help take the organisation to the next level of client service.

2.3 Innovation

In a fast changing and increasingly competitive environment innovation is not optional. Most of the executives who were interviewed stressed how much emphasis they are putting on innovation.

Employees who are inspired by the organisation's vision are much more likely to recognise the opportunity to put forward innovative and creative ideas (Chart 5). Only one in twenty of uninspired employees (6%) think that the senior leadership team encourages innovative and creative ideas. In a similar way, inspired employees are four times more likely to recognise the organisation's commitment to bringing innovative services to the market place (75% versus 17%, Chart 6).

Chart 5: Our senior leadership team encourages innovative and creative ideas
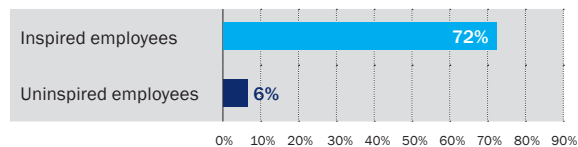
Inspired employees	72%
Uninspired employees	6%

0% 10% 20% 30% 40% 50% 60% 70% 80% 90%

Chart 6: Our organisation is committed to bringing innovative services to the market place

Inspired employees	75%
Uninspired employees	17%

0% 10% 20% 30% 40% 50% 60% 70% 80% 90%
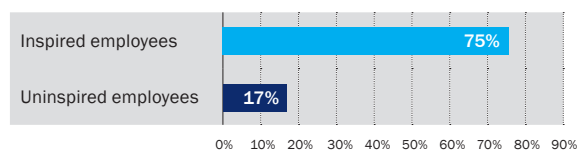
Key: percentage of respondents who agreed with the statement by selecting either a 6 (agree) or 7 (strongly agree) on a 7 point Likert scale.

The charts also demonstrate that a good proportion of inspired employees (roughly one quartefr) don't think that their organisations are doing enough to innovate. The old paradigm did not necessarily encourage or reward NFPs for innovation and the capability to innovate is probably still underdeveloped in many organisations. Inspired employees can help to bring creative ideas and build the innovation capability that will be required going forward.

2.4 Organisational performance

We looked at two indicators linking an inspiring vision with organisational performance:

- Our organisation is committed to high standards of performance
- Our organisation is committed to best practice in our sector

Charts 7 and 8 show that employees see these two things as being very closely related. They perceive that a commitment to best practice is similar to a commitment to high standards of performance. 85% of inspired employees believe that their organisation is committed to best practice and being high performing. Only 25% of uninspired employees believe the same thing.

Chart 7: Our organisation is committed to high standards of performance

Inspired employees	85%
Uninspired employees	25%

0% 10% 20% 30% 40% 50% 60% 70% 80% 90%
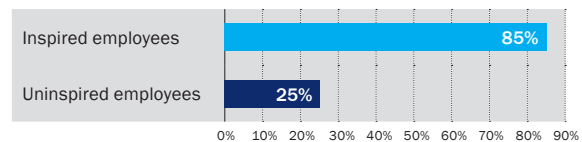
Chart 8: Our organisation is committed to best practice in our sector
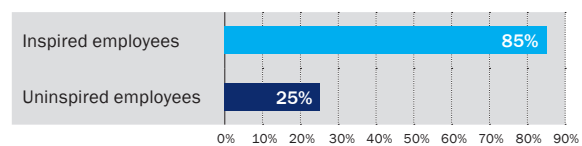
Inspired employees	85%
Uninspired employees	25%

0% 10% 20% 30% 40% 50% 60% 70% 80% 90%

Key: percentage of respondents who agreed with the statement by selecting either a 6 (agree) or 7 (strongly agree) on a 7 point Likert scale.

The charts demonstrate that vision needs to be grounded in, and backed up by, performance, results and good practice. An unrealistic vision is not going to be inspiring. The strategies and practices to deliver the vision need to be clear to employees. As they see the vision being translated into changed lives and tangible results, it will sustain and reinforce their belief in, and commitment to, the vision. Likewise, their belief in the vision is likely to increase their own commitment to achieving great results for clients and for the organisation, and to continue improving and applying best practice. Another positive and self-reinforcing spiral to drive continuous improvement!

Overcoming the challenges
## to embedding your identity and purpose

It is unlikely that many people reading this paper would doubt the critical importance of embedding their organisational identity and purpose. All 32 of the executives interviewed for this study made it clear how much importance they place on this. Hopefully, the preceding sections have reinforced your own commitment to ensuring that your identity and purpose is deeply embedded in your organisation's DNA.

Analysis of Insync's NFP database shows that embedding your identity and purpose is no easy task. Our database indicates that on average under half of NFP employees (43%) are inspired by their organisation's vision. 40% report that they are neutral and 17% indicate that they are not inspired by their organisation's vision (see Chart 9 and Appendix 2).

Some organisations have made tremendous progress with embedding their vision. For organisations in the top decile of the database, 69% of employees are inspired by the vision while only 5% are not inspired. Conversely, organisations in the bottom decile have major challenges. Fewer than a quarter of their employees are inspired by the vision while fully one third are not inspired.

Before talking about how top performing organisations are embedding their visions in the final section of this paper, we will first look at the practical challenges that most organisations have to deal with to a greater or lesser extent.

Chart 9 – Insync's NFP database – Our senior leadership team has a vision for our organisation that inspires me
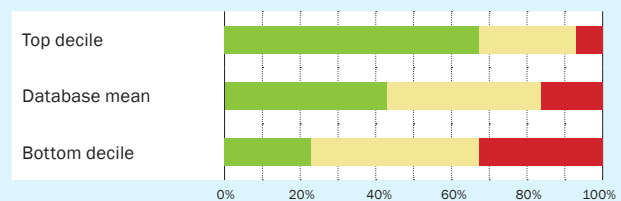
Key:

- ■ Inspired employees agreed with the statement relating to vision by selecting either a 6 (agree) or 7 (strongly agree)
- ■ Neutral employees either selected a 4 (neither agree nor disagree) or a 5 (slightly agree)
- ■ Uninspired employees selected a 1 (strongly disagree), 2 (disagree) or 3 (slightly disagree)

The main challenges outlined by the executives that we spoke to are:
- Defining the cause (multiple services)
- Mission drift
- Operational pressures / competing priorities
- Burn out / reality gap
- Diversity of the workforce
- Job security / rates of pay
- Heritage mindset (changes or mergers)
- Remote locations / tyranny of distance
- Part time and casual workers
- Employee turnover

3.1 Defining the cause (multiple services)

Some NFP organisations provide a wide range of services to very different client groups in both metropolitan and rural environments. Some employees are dealing with complex social and psychological issues, whereas others are dealing with practical and technical issues. How do you encapsulate all of these different services in a short and meaningful vision and mission statement? It can be done, but it will probably involve a few iterations and many conversations with your different employee groups to make sure that your direction is clear, relevant and meaningful to all of them.

3.2 Mission drift

Virtually all NFPs start out with a very clear reason for existence. Over time they might bid for different government contracts, each of which comes with their own performance and reporting criteria. Accordingly, the organisation introduces KPIs and reporting mechanisms to make sure that it can demonstrate that it is meeting the performance criteria and secure the contract funding. Some participants in the study confided that step by step this led them to becoming contract managers where the KPIs became their main area of focus. They felt that they were directed towards meeting hard performance outcomes, and in the process lost some of their heart and the joy experienced from helping people and changing lives. When they realised this, they needed to backtrack a little and reconfirm their core reason for existence and their focus on people. Meeting KPIs must equate to changing lives – keeping the focus on the big picture and the organisation's purpose.

3.3 Operational pressures / competing priorities

Some NFP organisations are very stretched, battling to get everything done on tight budgets. Employees who are under excessive pressure trying to make sure that the organisation doesn't let clients down can lose sight of the vision, and just run from task to task. Day to day pressures might mean that they spend little time thinking about the bigger picture. Compliance activities, if not properly streamlined, can also put the focus on "ticking boxes" rather than changing lives. (This is not meant to imply that compliance activities aren't important for ensuring quality, they just need to also factor in the pressures facing front line workers.)

3.4 Burnout / reality gap

Insync's exit survey database shows that NFP workers cite work pressure and stress as a reason for leaving their employer more than most other industries. Dealing with challenging clients and challenging situations without relief can lead to burnout. Employees must see that the services they provide make a difference. Some participants in this study also pointed out that if the expectations created from their marketing materials are overhyped and are not being delivered in practice then employees can become cynical and jaded. The promises made to clients must be authentic and achievable. Conversely, some study participants highlighted that employees get energised when they help make a tangible difference in their clients' lives, however small that difference might be. A grateful smile can have a huge impact. Knowing what can be achieved, and making small changes to improve the circumstances of disadvantaged people can continually reinforce the organisation's vision in the minds of employees.

3.5 Diversity of the workforce

The majority of NFP employees are motivated by social justice – they want to build a just and equitable community. Some employees just want to help people and are not particularly motivated by what they see as abstract concepts, such as vision and mission. Some join due to reasons of convenience – either the location is suitable for them or they just wanted a job in their chosen profession, whether it be marketing, HR, Finance, IT or other function. Many of these employees can certainly be connected with the organisation's vision as they observe the life changing experiences of clients, but others will focus purely on doing their jobs –no more, no less. A wide variety of cultural and language backgrounds can also make it harder to find a single vision that everyone can connect with. The vision needs to be designed and tested with the wide variety of interests, backgrounds, motivations and priorities of different employees in mind.

3.6 Job security / rates of pay

There is as much job insecurity in the NFP sector as there is in other sectors of the economy. There are also strong economic pressures on NFP organisations that might limit pay increases. One executive interviewed for this study pointed out that Maslow's hierarchy of needs must be considered. People focus first on security and then self actualisation. NFPs need to ensure that employees' basic needs are met (job security, living wage) before people can fully engage with the organisation's vision and purpose.

Many NFPs recognise that it is no longer possible to guarantee job security. However, by continuing to develop their employees' technical and social skills, by giving them great work experiences and by helping them to build their networks, they make them much more employable and this is their best security for the future. It is very important to authentically engage with employees' needs for security so that they can focus on the needs of others and help to achieve their organisation's vision and mission.

3.7 Heritage mindset (changes or mergers)

Organisational restructuring and mergers may make it harder for some employees to connect with the vision, and also to accept that the market has become part of the NFP paradigm. When they initially joined the organisation there might have been a different vision and focus. Over the years the vision and focus might have changed, but they may have found it difficult to adapt. Their very commitment and passion for the original vision makes it much harder to accept a new one. The study participants spoke about truly embracing the market – keeping the focus on transforming the lives of clients, but also making money at the same time to ensure their organisation's sustainability. Some NFP employees will find this hard to accept. Some study participants spoke forcefully about change not being optional, and that while every effort would be made to bring people along, at the end of the day each person would need to decide whether they wanted to be on the bus or not.

3.8 Remote locations / tyranny of distance

Many NFPs have small offices in remote locations. Some are thousands of kilometres from the main office, requiring at least two flights to get there. Since personal communication is indispensable in embedding the vision, leading organisations ensure that employees can interact with the leadership team and with their colleagues from other offices, even though this can't be as often as would be ideal. Strategies to achieve this include: having an all staff conference (or regional staff conference) at least once a year, bringing people into the main office for important events (such as induction programs or promotions), holding road shows in remote locations or regional offices, visiting remote locations as often as feasible, conducting periodic conference calls covering the whole country, and using videos and podcasts.

3.9 Part time and casual workers

It can be harder connecting part time and casual employees with the organisation's vision. Some have more than one job and therefore divide their attention between two organisations' goals and intentions. Part time employees are often time poor. They are often juggling work and family commitments. It is harder for them to free up time to read organisational communications and to attend events outlining the organisation's direction and celebrate its successes. Also, these events might occur on the days when they are not working. Their needs and pressures need to be explicitly considered when deciding how to communicate and embed the organisation's vision and values.

3.10 Employee turnover

Some NFP organisations have a relatively high employee turnover of 20% or more. It takes time to embed your vision and values. A high turnover environment is not conducive to building a workforce which is passionate about your vision and values. Conversely, recruiting and developing people who feel passionately about your vision can reduce employee turnover. The goal must be to create a positive spiral where people who are committed to your vision stay for longer, and their increased longevity with your organisation in turn helps them become even more embedded in your vision and values.

Embedding your identity and purpose
in a systematic and sustained way

4

The previous section highlighted that there are many practical challenges to embedding your organisation's identity and purpose deeply into the organisation's DNA. Notwithstanding this, many organisations are doing it, and doing it well.

During the interviews with the senior leaders in these organisations it was clear that they are not ambivalent about their vision, mission and values[1]. They are very clear and definite on how important they are. They also don't leave any stone unturned in reinforcing and embedding them. The interviews made it clear that this process needs to be approached with both *determination* and *organisation*. Determination refers to being absolutely committed to embedding your vision, mission and values. Organisation relates to being very systematic in ensuring that your people, processes and systems are directed towards communicating and reinforcing the vision, mission and values.

So, what are the practical steps they are taking?

As illustrated in Chart 10, five major themes emerged from the interviews:

- Lead – executives and line managers must guide the way, set the example and be role models

- Compose – the vision and values must be created in an inclusive way and use words that resonate with a diverse workforce

- Communicate – two way dialogue is vital – telling stories to illustrate the vision and conducting appreciative inquiry, helping employees to make their own connections

- Buttress – supporting, strengthening and defending the vision via people management processes, such as recruitment, induction, learning and development, recognition and reward, and promotion.

- Measure – testing how well the vision is being embedded via a variety of feedback mechanisms such as surveys, polls, focus groups, interviews, discussions and meetings.

Chart 10 – How leading NFP organisations embed their vision, mission and values

---
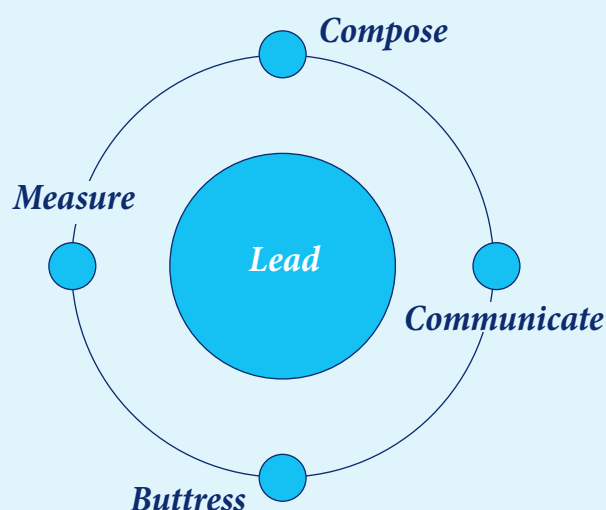
[1] The word vision will mostly be used in this section to avoid tedious repetition; in most cases this word will refer to all three concepts, which are all critically important and reinforcing of each other.

4.1 Lead

Unsurprisingly, it all starts with leadership, both at the executive and team leader level.

Many organisations are investing significantly in their leaders via training, coaching, mentoring, on-the-job experience, special assignments and 360 degree feedback. One organisation goes so far as to take all new leaders to a week-long off site facility where they learn about leadership skills and how to create a movement for social change. Another has a highly developed learning and development program, which includes investing in leadership training in partnership with the Australian Institute of Management and the Melbourne Business School.

Investing in leaders has financial implications. Many study participants spoke about the need to improve their organisation's "profit margins" and surpluses to be able to invest in their organisational capability as required. Part of this investment must be directed to your current and future leaders. Your vision will not be embedded if your leaders don't fully support it and don't act as authentic role models.

Some organisations are developing their own leadership frameworks. There are many useful leadership frameworks that can be considered: transformational leadership, servant leadership, inclusive leadership and trait theory of leadership, amongst others.[2]

The transformational leadership framework is used here to illustrate the expectations and capabilities required of leaders to fully embed your vision. The framework has four main components:

- *Influence* – the leader serves as an ideal role model for followers, instills pride and gains respect and trust
- *Motivation* – the leader inspires and motivates followers, communicates high expectations and helps to focus efforts
- *Consideration* – the leader gives personal attention and demonstrates genuine concern for the needs of followers
- *Stimulation* – the leader challenges followers to be creative and rational in solving problems

Transformational leaders are not "soft"; they constantly challenge followers to higher levels of performance. They generate awareness and acceptance of the purposes and mission of the group. They stir their employees to look beyond their own self-interest for the good of the group. They hold positive expectations for followers, believing

that they can do their best. As a result, they inspire, empower, and stimulate followers to exceed normal levels of performance.

Transformational leaders also focus on and care about followers and their personal needs and development. Followers seek inspirational leaders to help guide them through an uncertain environment. Transformational leaders challenge and empower followers to become committed high performers for the success of the organisation.

There is some evidence that leaders are both made *and* born. To cover your bets both ways, you should recruit people with proven leadership capabilities, while also providing a learning and development environment to help *make* those who can grow into even more effective leaders.

It all starts at the top. It is impossible to embed your vision without a united and cohesive leadership executive team. Walking the talk, communicating consistently, setting a good example and being good role models will build a very strong foundation for what follows.

4.2 Compose

Vision, mission and values must be considered as a unified whole. One must reinforce the other.

These three concepts are generally well understood in the NFP sector. However, to avoid the potential for misunderstanding they are briefly defined below:

- *Mission* is a statement of the reason or reasons for the existence of the organisation, the ultimate purpose the organisation serves in society, and the boundaries within which it operates.
- If the mission describes your reason for being, then the **vision** describes what you want to become or how you want to be. It is the "dream" toward which you are moving.
- *Values* include beliefs and attitudes that guide behaviours and relationships with others.

There is not necessarily one best way to craft clear and compelling vision, mission and values statements.

Some study participants spoke of a process that was mostly top-down. They spoke of extensive discussions within the executive team and the Board. At the top level they had a long hard look at the organisation's capabilities, its heritage, what it stood for, and where it could add the most value to society. They recognised the need for change and for boldness. Their focus was to get back to their core business and divest the outliers, being services that had been added on opportunistically over time without a strong connection to what the organisation wanted to achieve.

---

[2] Insync has analysed a number of relevant leadership frameworks to underpin 360 degree feedback for leaders. Please contact us if you would like to receive a comparative summary of these frameworks.

The top-down approach did not imply that employees couldn't provide input and feedback. The leadership teams took the initiative in defining the strategic outcomes that their organisations were seeking, but still put a great deal of effort into socialising the new direction and making changes if so required. Some took their middle managers away for workshops extending over two or more days to explain and discuss the new direction. Others used technology to get employee input and feedback (for example, by using online voting and feedback platforms).

Other study participants spoke of a more bottom-up and consultative process. They sought to have robust conversations in workshops and focus groups to look at their direction and values from all angles. This was then fed into executive workshops for review and finalisation.

The participants shared the following thoughts for making your vision, mission and values compelling and relevant to your employees:

- Understand who your people are. Consult them. Be person centred. There must be congruence between a person centred client approach and a person centred employee approach.

- While your vision must be inspiring, it must not create expectations that will cause disappointment. People must see how making small daily improvements in the lives of the people you serve connects with the larger vision. Small daily improvements must not be undervalued.

- Vision and values must be aligned. Your values and your daily behaviours must show what it looks like to live your vision; the way your organisation operates must be a demonstration of the just society.

- Give people time to really consider what the vision, mission and values mean. In workshops ask them for success stories that show your vision being realised. Also ask them for stories of where things didn't go so well and how they can be fixed in light of your vision and values.

- Test how well your employees really connect with the espoused vision and values. Do they see any potential confusion between them? Does anything not ring true to them?

- Make a clear connection between your key performance indicators (KPIs) and your vision and mission. KPIs drive priorities and daily activities. Some participants acknowledged that their KPIs were not explicitly linked to the organisational vision, causing angst and dissonance for their employees.

- Ask team leaders to work with their teams to explicitly link their department's outputs back to the vision, mission and values.

4.3 Communicate

Four main lessons emerged from the executive interviews:

a. Have a well considered communications plan and approach

Over communication and inconsistent communication are as much a problem these days as under communication. The leading organisations have a clearly thought out communications plan that defines the needs and interests of different employee groups, makes sure that communications are well crafted and relevant, and use the right communications channels. They have a process for consolidating messages, perhaps into a CEO update or employee communiqué that goes out on a weekly or fortnightly basis. This minimises the number of random messages and updates that people might receive from multiple sources. They also ensure that their messages are consistent and that their internal and external branding is aligned. In certain cases, they have a dedicated communications manager to help craft important messages, assist in developing and using communications channels and ensure consistency.

b. Leaders must be visible and have an ongoing dialogue with employees

Some leaders make the vision, mission and values part of every conversation – not in an unnatural and tedious way, but rather as a helpful frame of reference for solving problems and making decisions. Face-to-face dialogue promotes constructive debate and challenge – allowing people to share what doesn't make sense to them and to work through how everything fits together. These conversations are as much about asking questions as sending messages. Some organisations have trained their leaders in appreciative inquiry, which is a method of asking questions and envisioning the future to foster positive relationships and build on the potential of people and the organisation. Appreciative inquiry is based on the assumption that the questions leaders ask will focus employees' attention in a particular direction and that organisations will evolve in the direction of the questions they most persistently and passionately ask.

c. Aim for the head and the heart

Keep communications simple and relevant. Always keep coming back to your vision and values (for example, "how does this decision line up with our vision of giving everyone a fair go"?) Employees must be constantly aware that they are doing something for the greater good. They must passionately believe in what they are doing; this will enable them to overcome the challenges, both small and large that their organisations are facing. One CEO has articulated three key elements of the organisation's vision.

Every time he sends around a good news story he explicitly links it back to one of these three elements. He tells lots of stories to constantly remind people that they are doing good and making a difference. It is an ongoing narrative. Statistics, KPIs and analytical reports are very important to be commercial and must be part of the communications mix appealing to the head. But stories of changed lives are equally important and appeal to the heart. One CEO when reporting on KPIs reminds people that every number on the chart is also a changed life.

d. Use your communication channels wisely

The leading organisations have identified all the communications channels available to them and decided which types of messages will go up and down (two way communication) the different channels. They make use of electronic and mass distribution channels mostly for information sharing. These include website, intranet, emails, newsletters, videos and podcasts. They use multiple face-to-face and personal channels for embedding their vision and values. These include:

1. Organisation-wide staff meetings (monthly or quarterly)
2. Department meetings (weekly, fortnightly or monthly)
3. Conference calls with the extended leadership group (usually monthly)
4. One-on-one meetings between managers and team members (weekly, fortnightly or monthly)
5. All staff conferences (usually quarterly or annually)
6. Road shows, where the CEO and executives visit all sites or regional offices (at least annually).

All of these different channels need to be mapped out to ensure that there isn't too little or too much communication. The main point is that the leading organisations invest heavily in face-to-face communication even though it can be resource intensive.

4.4 Buttress

The noun *buttress* refers to a structure built against a wall or building to give support and strength. It is often associated with the structures supporting cathedrals. The verb means to support, strengthen or defend something. Many of the participants in this study spoke of significant structures they have put in place to support, strengthen and defend their vision, mission and values.

a. Recruitment

You must recruit people who are passionate about what you do and qualified to do the job. They must buy into your vision, mission and values. In general diversity makes an organisation stronger. Yet there cannot be diversity about supporting the organisation's identity and purpose.

This is what pulls a diverse workforce together. Many organisations make this very clear in the recruitment process. One organisation has produced a high quality booklet entitled *It's more than just a job...* It lays out the organisation's philosophy: *We help create good lives... we do not babysit our clients...we are not a soft option.* It also lays out very clear expectations of people wishing to join the organisation.

b. Induction

A new employee's first few weeks at your organisation set the tone. Many CEOs try to attend every induction program, where they lay out the vision, mission and values. They tell stories about how the organisation changes lives. They make it clear that it is not optional to support the organisation's direction and to act in line with the values.

c. Learning and development

Some organisations make the organisation's vision, mission and values part of every training program. These set the context for the program and help people to tie everything together. Some organisations have put together fully integrated L&D programs that are published and shared with employees so that can plan their L&D journey. L&D is as much the employee's responsibility as the organisation's. In the fast changing 21st century it is critical to *learn, discover and grow* (as one organisation titled their L&D program). L&D conversations and how L&D relates to the organisation's vision should be a regular part of the one-on-one discussions that employees have with their managers.

d. Reward and recognition

Managers and team members should recognise and celebrate their colleagues making a difference in the lives of others. Likewise, when someone does not live the vision and values, it should be addressed. It is very corrosive when it seems that an individual is flouting the values and seemingly getting away with it. Many organisations have regular awards to recognise people who have demonstrated the values. Some do something small on a monthly basis, others do it on a quarterly basis, while others have a grand event once a year.

e. Performance management and promotion

Most organisations explicitly include the vision and values in the objective setting and performance feedback cycles. These conversations are another opportunity for appreciative enquiry... *which of our values resonate with you the most and how do they influence your behaviours? What did you do in the last three months that made the biggest contribution to our vision? Which of our values has the biggest impact on achieving our department's objectives?* Many organisations include their values in determining promotions, and make it clear to all employees that this is done. Only people who clearly

demonstrate your values should be promoted. If someone with the right technical skills, but who regularly flouts the values gets promoted, it will have a very damaging effect. It will undercut much of the good work you have done elsewhere to truly embed your vision and values.

4.5 Measure and celebrate

Part of systematically embedding your vision and values deep in the organisation's DNA is to regularly measure how you are progressing and also to celebrate and reinforce your successes.

There are many feedback mechanisms that can be used. These include surveys, polls, focus groups, interviews, discussions and meetings. Feedback can be obtained from multiple stakeholder groups, with employees and clients being the most important.

Measurement of impact is becoming increasingly important – *are we moving the dial, are our programs delivering the results that are expected and required, how do our programs link to the vision and purpose, does the evidence support the way we are doing things, are we really changing lives and is the change being sustained?*

Some study participants spoke about the risk of a *reality gap* – that there might be a difference between the public marketing rhetoric and what is really happening. Ending homelessness is a lofty goal, but when homelessness is increasing, not decreasing, then it can become discouraging. Celebrating that a family has been found a home is energising. Seeing that five other families are on a long waiting list can be disheartening. How do you find the balance of celebrating small victories while also being dissatisfied with the scale of the ongoing problem? Facing these realities can lead to constructively questioning the purpose and approach to come up with constructive solutions. For example, Orange Sky are not solving the problem of homelessness, but their free mobile laundry service improves the lives of homeless people and help connect them with other people in the community (www. orangeskylaundry.com.au). Bit by bit the various homeless services can make a difference, one person, and one action at a time. Constructive questioning of the goal and approach can be useful when conducted well.

It is important that all employees see how your organisation is making a difference in the lives of clients. One organisation holds Christmas dinners for clients and makes sure that most of the employees (including support office staff) are able to attend and meet clients. People relate to people. Making an emotional connection brings the numbers and statistics to life.

Other organisations hold an internal annual conference. One conference has the Chairman's awards as the centrepiece. These awards recognise clients who have achieved successful outcomes. They also recognise employees and volunteers in different categories. It is a unifying way to acknowledge and celebrate achievement and builds a sense of community. Over 500 employees attend the event. Employees are requested to provide submissions on who should be recognised. Over 100 submissions are received and these are then evaluated by a judging panel of employees and managers. All of this encourages people to think hard about what has been achieved, who should be recognised and what criteria should be applied to measuring the organisation's success. Powerful keynote speakers are also invited to present at the event to further reinforce the organisations vision and values.

Still other organisations recognise their employees by sending those who are nominated by their peers and managers to biannual international conferences. These events not only recognise the employees for their contribution, they also expose them to the latest thinking and developments in the field. When they come back and share what they have learnt, it helps to further embed the organisation's vision and values.

Naturally, NFPs need to spend their money wisely and carefully. There must be a purpose and outcome for every dollar that is spent. Celebrating success must be linked to learning and embedding the vision. Various options need to be evaluated to find those with the best relationship between cost and benefit. However, in an increasingly competitive sector you need to continue investing in your employees to ensure that you do indeed deliver your vision and mission, and thereby make a real difference in the world.

Appendix 1

RESEARCH STUDY PARTICIPANTS

This study was informed by the thoughts and insights of 32 CEOs and executives working for leading organisations across the NFP sector. They participated in telephone or face-to-face interviews lasting between 15 and 30 minutes. They responded to three questions:

1. What are the most significant challenges facing your organisation?
2. What are the biggest challenges or obstacles to embedding your vision in your organisation?
3. What are the most effective things you are doing to embed your vision in your organisation?

We would like to convey our deep appreciation to the people who participated. They were very generous in openly sharing their ideas and experiences. It is hoped that their insights which have been summarised in a non-attributable way will be useful to others facing similar challenges.

Study participants:

|		
Andrew Bruun	Chief Executive Officer	YSAS
Andrew Jamieson	Learning and Organisational Development Manager	Benetas
Cassandra Hatton	General Manager Human Resources	St Vincent de Paul Society Victoria
Chris Steinfort	Director, Human Resources	Australian Red Cross
Dale Cleaver	Chief Executive Officer	Campbell Page
David Sandison	General Manager-Learning and Organisational Development	Anglicare Victoria
Fiona McGregor	Head of People and Culture	The Smith Family
Graeme Kelly	Chief Executive Officer	E.W. Tipping Foundation
Greg Moult	Managing Director	The Salvation Army Employment Plus
Ian Carter	Chief Executive Officer	Anglicare WA
Jacqui Andrews	General Manager Human Resources and Organisation Development	Launch Housing
James Lawton	Director Executive Services	MercyCare WA
James Thyer	Group Manager People and Culture	YMCA Victoria
Jantine Edellbuttle	General Manager Human Resources	E.W. Tipping Foundation
Jo Christy	Chief People and Culture	The Bethanie Group
John Blewonski	Chief Executive Officer	VincentCare Victoria
Karenza Louis-Smith	Chief Executive Officer	ACSO
Mandy Cranston	Head of HR Strategy and Capability	Uniting
Mark Loader	Executive Director, People & Organisational Services	MercyCare WA
Mark Newton	Executive Shared Services	Mission Australia
Mark Watt	Chief Executive Officer	Whitelion
Michele Lewis	Chief Executive Officer	Mecwacare
Mike Dawson-Smith	Project Manager - Workforce Planning	Baptcare
Paul Bird	Chief Executive Officer	AVI
Peta Jennings	General Manager Business Services	The Salvation Army Employment Plus
Peter Ruzyla	Chief Executive Officer	EACH
Rachael Harvey	Head of People and Culture	Campbell Page
Rebecca Chamberlain	General Manager People and Culture	Anglicare WA
Rowena Middlemiss	Executive Manager Strategy & Governance	Whitelion
Shane Smith	Head of Business Development/Company Secretary	Wesley Mission Victoria
Steve Clifford	Head of Australian Operations	Save the Children Australia
Sue Cattermole	Chief Executive Officer	St Vincent de Paul Society Victoria

Appendix 2

NFP EMPLOYEE SURVEY DATABASE

The statistics relating to how well NFP organisations have been able to communicate and embed their visions with their employees have been derived from Insync's NFP database. Our database includes 102 studies of organisations from across the sector. We invited 44,000 employees to participate in these studies and had 23,000 responses. The overall response rate was 52%. Response rates in the database vary from 30% to 90% depending on the organisation's circumstances. Lower response rates are normally the result of: higher proportion of casual and part time employees, fewer work email addresses for personalised invitations, more time spent directly serving clients and less access to PCs and laptops to complete the surveys.

The main survey statement that was examined was: "Our senior leadership team has a vision for our organisation that inspires me." Respondents answer on a 7 point scale, where 1 = strongly disagree and 7 = strongly agree. The difference between a 7 point scale and 5 point scale is that the 7 point scale provides the additional options to "slightly agree" or "slightly disagree". Insync considers "slightly agree" to be a neutral response, even though it does indicate a slightly positive perception. We don't think that "agree" is setting the bar at too high a level, and so if people feel that they aren't able to "agree" then we classify it as a neutral response. This means that favourable responses on a 7 point scale will be lower than those on a 5 point scale (normally by around 10%). The full distribution of responses in the database is shown in Chart 11, with 43% being favourable, 40% being neutral and 17% being unfavourable.

Chart 11 – Distribution of responses to the statement: *Our senior leadership team has a vision for our organisation that inspires me*
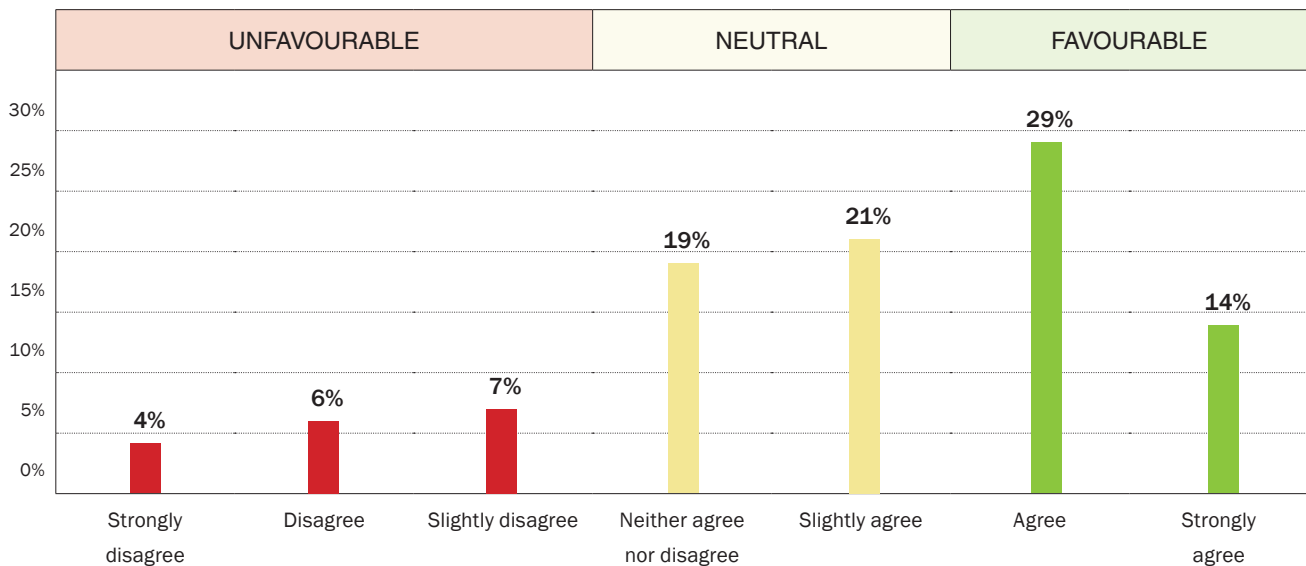
Appendix 2 cont.

We then examined how the favourable respondents (inspired employees) compared to the unfavourable respondents (uninspired employees) on eight other survey statements. The distribution of responses for inspired employees compared to uninspired employees is shown in the table below:

Survey statement	Inspired			Uninspired		
	UNFAV.	NEUT.	FAV.	UNFAV.	NEUT.	FAV.
I would recommend our organisation as a workplace to my family and friends	2%	14%	84%	45%	39%	16%
I can envisage a fulfilling future for myself at our organisation	3%	20%	77%	52%	34%	14%
Our organisation consistently shows its commitment to achieving long term customer loyalty	3%	21%	76%	45%	40%	15%
Customer needs feature prominently in decision making at all levels in our organisation	3%	22%	75%	43%	41%	16%
Our senior leadership team encourages innovative and creative ideas	4%	24%	72%	61%	33%	6%
Our organisation is committed to bringing innovative services to the market place	3%	22%	75%	36%	47%	17%
Our organisation is committed to high standards of performance	2%	13%	85%	32%	43%	25%
Our organisation is committed to best practice in our sector	2%	13%	85%	29%	46%	25%

Key: Proportion of inspired and uninspired employees who responded to the survey statement unfavourably (1 = strongly disagree, 2 = disagree, 3 = slightly disagree), in a neutral way (4 = neither agree nor disagree, 5 =slightly agree) or favourably (6 = agree, 7 = strongly agree).

Appendix 3

REFERENCES

Avolio, B. J. (2005). Leadership development in balance: Made/born. Psychology Press.

Bass, B. M., Avolio, B. J., Jung, D. I., & Berson, Y. (2003). Predicting unit performance by assessing transformational and transactional leadership. *Journal of applied psychology, 88*(2), 207.

Bass, B. M., & Riggio, R. E. (2006). Transformational leadership. Psychology Press.

Cooperrider, D. L., & Whitney, D. (2011). What is appreciative inquiry.

Harshman, C. L. (2006). Mission - Vision - Values: Working Definitions.

Kern, M.L., Waters, L.E., Adler, A. and White, M.A. (2014). A multidimensional approach to measuring well-being in students: Application of the PERMA framework. *The Journal of Positive Psychology*.

Ludema, J. D., Cooperrider, D. L., & Barrett, F. J. (2001). Appreciative inquiry: The power of the unconditional positive question. *Handbook of action research*, 189-199.

Schueller, S. and Seligman, M.E. (2010). Pursuit of pleasure, engagement, and meaning: Relationships to subjective and objective measures of well-being. *The Journal Of Positive Psychology*, Vol. 5, Iss. 4.

Seligman, M. E. (2012). Flourish: A visionary new understanding of happiness and well-being. Simon and Schuster.

How Insync helps
not-for-profit organisations

WE HELP OUR CLIENTS ACHIEVE SUSTAINABLE HIGH PERFORMANCE BY MEASURING AND IMPROVING EMPLOYEE AND CLIENT ENGAGEMENT. OUR WORK FOCUSES ON FOUR KEY CHALLENGES.

1. Attracting and retaining employees

The ability to attract and retain employees with the required skills and attitudes is fundamental to helping disadvantaged people cope with challenging circumstances.

Insync's entry, exit and value proposition research will help you identify what is important to new employees, understand what causes people to leave your organisation, and determine what can be done to keep the right people for longer.

Our core research framework has five dimensions for attracting and retaining the right people:

- The job — ensuring that work is meaningful and fulfilling
- Structural — providing employees with the resources to do their jobs well and providing fair remuneration and reward
- Interpersonal — ensuring that employees and organisational values are aligned, and enhancing their connection with colleagues and managers
- Home life — providing flexibility to help employees balance home and work commitments as best as possible
- Environmental — having a competitive employee value proposition that limits the opportunity for other organisations to poach your best people

2. Engaging and aligning employees

While many community services organisations have engaged employees who identify strongly with the cause, there is often less clarity regarding the organisation's specific strategies and goals, and how employees contribute to achieving them. There can also be some uncertainty as to whether the organisation has the resources, processes and systems needed to execute the strategy effectively.

Insync's research framework investigates both organisational alignment (the execution of strategy) and employee engagement (commitment to the cause and willingness to apply discretionary effort). Our framework measures eight factors that impact organisational performance:

- Long term direction — having clear strategies and goals
- Senior leadership — inspiring and encouraging high performance
- Team leadership — setting the example and communicating well
- Team effectiveness — collaborating to meet goals
- Performance focus — striving to improve performance and serve customers better
- Investment in people — recruiting, developing and rewarding the right people
- Investment in systems — having the right processes and tools to get the job done
- Engagement — promoting and acting in the organisation's best interests

Insync's alignment and engagement framework gives you a thorough diagnosis of your organisation's potential for high performance. It highlights areas of strength and weakness versus similar organisations, and signposts a clear course of action for lifting your organisation's performance.

3. Understanding and meeting the needs of clients

Hearing the voice of clients has numerous benefits to community services organisations:

- Identify how programs can be improved to achieve better client outcomes
- Demonstrate to supporters and funding bodies the results that are being achieved
- Improve quality standards and supporting accreditation by identifying strengths and weaknesses
- Provide confidence to the board that the organisation is achieving its purpose and goals

Insync's research framework typically seeks client feedback on three key dimensions:

1. Experiences and perceptions - what is it like for clients to deal with your organisation?
2. Outcomes and actions - how well are you meeting clients' needs?
3. Strengths and weaknesses - what are you doing well and where do you need to improve?

Self directed care is giving clients and their carers greater say about the types of services they receive and how those services are delivered. Voice of the client research is critical for building and sustaining a culture that is both client centric and committed to continuous improvement. It is also invaluable for measuring the impact of programs and ensuring they are delivering the intended benefits for clients.

4. Ensuring sustainability through direction and leadership

There's nothing more important than having an effective and cohesive executive team that displays a real commitment to shaping and influencing the execution of the organisation's strategy. Insync assists with facilitation of vision and strategy workshops, reviews of leadership team effectiveness and 360 degree feedback.

Insync's leadership team effectiveness framework aims to improve the self-awareness of each executive regarding their own performance and the performance of the team as a whole. Our framework uses a special online data collection technology that allows all executives to self-assess their own effectiveness, and that of all others, in one survey that can be completed in 30 minutes. It can be tailored to your requirements and adjusted to take into account your competency framework and other objectives you are seeking to achieve.

In providing these services, our purpose is to help lift organisational capability, demonstrate the impact of programs, secure funding and ensure sustainability.

About Insync

INSYNC HELPS ORGANISATIONS ACHIEVE SUSTAINABLE HIGH PERFORMANCE BY IMPROVING EMPLOYEE AND CUSTOMER ENGAGEMENT.

With over 25 years' experience, we're experts in employee engagement surveys, customer research, exit interviews, 360 feedback and leadership team and board evaluations. We also assist clients with focus groups, action planning, change management and developing and reviewing EVPs and CVPs.

We've conducted over 1,000 employee, customer and board research projects in the last five years. We have helped ACCC, AFL, ASX, Cathay Pacific, Country Road, Chevron, CSIRO, Fairfax, GrainCorp, John Holland, Johnson & Johnson, KPMG, Metro, Mitsui, Nufarm, QBE, Salvation Army, Swire, Sydney Water, Toll, Visy, YMCA, federal and state government departments and agencies, many local councils and most universities.

We have delivered surveys, research and consulting projects in around 100 countries and 40 languages. We have made significant investments in our people, processes, culture and technology to ensure that we provide cost-effective and actionable insights to clients that make a real difference to their organisation.

insync Success. Mapped.