



Organisational capability and financial sustainability – undertaking a health check

Getting Governance and Accountability Right in the
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Organisational capability and financial sustainability

Organisational Capability:

The ability and capacity of an organisations systems and people to work together to get things done.

Financial Sustainability:

The ability to generate resources to meet the needs of the present without compromising the resources of the future.

Sustainability is an orientation, not a destination - what is sustainable today may be unsustainable tomorrow

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Sound familiar?

- **Very fragile community and voluntary organisations**
- **Living hand-to-mouth**
- **Frequently in ad hoc or crisis mode - both financially and capacity to deliver outcomes**
- **Operating with a bare minimum of skills, systems and processes**

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Sound familiar?

- **Poor governance, management and human resources**
- **Poor planning and lack of strategic direction**
- **Excessive time employed attracting funds and managing contracts**
- **A struggle to find and secure good volunteers**

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Wouldn't it be better to familiarise with the following?

- **A vital mission and clear strategic goals**
- **Aligned operational plans**
- **A well organised Board with able and involved members**
- **Capable and motivated leadership, management and staff**
- **Clear communications and accountability**

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Wouldn't it be better to familiarise with the following?

- **Solid finances with reliable and diverse revenue streams**
- **High quality, well regarded, relevant programmes**
- **Efficient operations and strong management support systems**
- **Minimal duplication and outcomes being maximised**
- **The ability to do more with less**

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It's common sense but health checks do not seem to be common place, why not?

1) Apathetic mindsets

- *“We're OK”*
- Don't know what you don't know – frog in hot water
- Resource poor mentality
- *The passion conundrum*

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2) Investment and support

- Time, energy, and focus is required
- Lack of financial resources and the largely voluntary nature of many not for profit organisations
- Lack of appropriate, effective and affordable providers of support services – although this is a changing tide

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3) Poor strategic vision

- Resistance to change
- Empire / patch protection
- Strategic goals keep moving
- Poor alignment of activities
- Lack of rigour on the effectiveness or sustainability of activities

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4) Reactionary / poor performance measurement metrics

- Rear view mirror mentality rather than future focused
- Organisations have not taken (or valued) the opportunity to assess or improve their relevance, capability and measures of sustainability
- More often than not, what doesn't get measured doesn't get done.

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5) We get an annual financial audit – isn't that enough?

- Financial statements, annual reports, audits and review assignments are all focused on historical financial information, with limited remit in assessing an organisations ability to operate into the future.

- What an audit is – and isn't

- How to get more value from your financial audit

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Reactive triggers - health checks usually occur when...

- **Funder requires assurance**
- **Financial meltdown**
- **Key people change**
- **Market mergers**

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Why is a health check important?

- It will help highlight any chinks in the armour and focus on what areas are of highest priority for an organisation to develop / improve
- An organisations activities are shaped by the culture and the features of the system in which they are born – i.e. to ensure best practice activities, the systems and culture must also be best practice.
- A health check can help benchmark against best practices.

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What does a typical health check look for?

How effective is the organisation:

- **Is the vision right?**
- **Have we got the right plan to reach our vision?**
- **Do we measure service impact / outcomes?**
- **How good is our planning process?**
- **How well does our Board function?**
- **How well to we manage our resources?**

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What does a typical health check look for?

If the functional areas of the organisation are appropriate and managed:

- Do we have enough money?
- Do we have enough people?
- Do we have the right mix of skills?
- Have we enough space to work in?
- How well do we manage our resources?

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What does a typical health check look for?

In terms of Sport NZ's Organisational Development Tool (ODT), an assessment is undertaken across the following areas of the organisation:

- **Leadership (Governance)**
- **Planning (Strategic & Operational)**
- **Customer Focus (Appropriateness of Activities)**
- **Sport Delivery (Effectiveness of Activities)**
- **Sport Management (Financial, Risk, Operations)**

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What does a typical health check look for?

In terms of Sport NZ's Organisational Development Tool (ODT), it is aimed at:

- A connection between the organisation's purpose and its activities
- A focus on customers (participants) and stakeholders
- A systematic approach to organisational activity
- Effective use of performance measures to drive improvement
- Results achieved
- Continuous improvement and a focus on the future.

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Sport NZ's Organisational Development Tool (ODT)

A overview of Sport NZ's facilitated assessment process:

- **Prepare for an assessment**
- **Conduct an assessment with relevant participants**
- **Prepare reports including capability development recommendations**
- **Assist client organisations plan and implement capability development initiatives**
- **Review**

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Sport NZ's Club Warrant of Fitness (Club WoF)

- An online self assessment questionnaire - effectively a pared down version of the facilitated version of the Organisational Development Tool (ODT).
- The Club WoF report aims to foster discussion of club's capability rather than jumping to “off the shelf” recommendations or solutions to club issues.



[http://www.qlbs.com/webq/SNZIndex.aspx?system=sportnz](http://www qlbs.com/webq/SNZIndex.aspx?system=sportnz)

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Sport NZ's Club Warrant of Fitness (Club WoF)

- The Club WoF enables clubs to self assess their strengths and weaknesses via a set of 42 questions across six areas of club capability.
- Following the questions respondents are asked to select five areas (based on their self assessment) that they would like further information on.
- A report is then emailed to the respondent providing information on the components of good practice in relation to those five selected areas, along with links to Sport NZ resources, and the contact details of the club's respective NSO and RST.

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Other examples and discussion

- **Tindall Foundation capability building experience after 6 years**

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Where can you obtain your own health check?

Some possible avenues:

- **Sport NZ – Club WoF and ODT**
- **Hayes Knight – Agreed Engagements**
- **MSD Funded Service Providers – Self Assessment Tool**
- **Health Care Aotearoa – Te Wana Quality Improvement Programme**
- **Tindall Foundation – Organisation Capacity Building Funding**
- **Many more tools and resources being developed – e.g. Charities / ANGOA**



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