

# Raising the Bar

*If “scale” is CED’s glass ceiling, are management practices a means of breakthrough? OP2000 thinks so.*

BY COLLEEN BRYDON & MARK CABAJ

Call it the Crisis of Rising Expectations. As the field of CED grows, it is becoming still more critical that CED organizations generate significant results. Not assertions that “small is beautiful” or that “the results are real, just difficult to measure.” Significant results – now. Funders insist on it. More importantly, marginalized communities and residents demand it.

For many years, CED’s critics and supporters alike have argued that a concentrated effort to improve management practices could go a long way to step up the performance of CED organizations. This means, among other things, strengthening an organization’s systems for planning and evaluating work, for allocating financial and human resources, and for carrying out the organization’s basic administrative duties.

In a report recently prepared on capacity building in the nonprofit sector, McKinsey and Company identifies three common systemic barriers to a deliberate and effective effort to improve the management practices of nonprofits:

- An organizational culture that glorifies “front line” work at the expense of important back room functions of management and administration.
- A dysfunctional funding environment that strongly favours investment in programs and services rather than in building capacity.
- A mistrust of introducing business techniques to the community sector without first “adjusting” these techniques to fit the different environment.

Thankfully, many, many CED organizations have overcome these obstacles and now manage their work as well as (and in some cases better than) any public or private sector organization. Generally, we are talking here about organizations with a program or service delivery focus. They specialize in lending to high-risk entrepreneurs, in starting and managing community ventures, or in co-ordinating and implementing skills training programs.

Unfortunately, organizations that primarily take a “catalytic” or “convening” approach to community action do not demonstrate the same sort of success. Organizations that mobilize and support broad-based, multisectoral, and comprehensive efforts to revitalize a community may well be committed to tracking the long-term outcomes of their work. Still, often as not, they shy away from serious attempts to step up the management of that work.

There are several reasons for this. In addition to the three systemic barriers to capacity-building, convening organizations face an additional challenge. They must manage a fluid, evolutionary, often unpredictable process to tackle complex local problems. By their very nature, these problems defy solution within one, two, five, or even ten years. Progress is difficult to measure. It is a real challenge to define a connection between the organization’s day-to-day work and long-term outcomes.

Of course, anyone who has experienced broad-based collaborations or coalitions knows that nobody “manages” a broad-based community effort per se. There are simply too many factors in play. Efforts to control or direct local initiative run counter to the spirit of creativity that

leaders are trying to unleash. The best that staff and key volunteers can do is manage their own work in such a way as to ensure that they create the best environment possible for community action.

Most would say this type of management is “more art than science.” They’re right. Any large-scale community effort requires, first and foremost, a special kind of leadership. There have to be people in charge who are driven by passion, have a bird’s-eye perspective on the problem, patience, and charisma.

Nevertheless, any convenor group that is serious about making dramatic progress on poverty, crime, or some other local dilemma will be careful to emphasize the science of management, as well as the art.

## Opportunities 2000

Opportunities 2000 (OP2000) is one such convenor group and a good case study of what improved management practices have to offer CED organizations of this type. Since 1997, OP2000 has been mobilizing and supporting citizens of Ontario’s Waterloo Region in a collaborative onslaught on poverty. Business, government, nonprofit organizations, and people living on low incomes have been working together as OP2000 “partners” to create the ways and means by which 2000 local households can exit poverty. (For details on OP2000’s gestation, see *Making Waves* 13,3:20-29).

As of December 31, 2000, 486 participants in partner projects had obtained new or improved employment; 79 had started or expanded small business ventures; 151 had gone on to further training or education; and 24 had

saved a significant amount of money for investments that would make a big difference in their quality of life. More than 60 had improved their housing. In all, in its first phase, OP2000 had affected the livelihoods of close to 2000 households.

Could the second phase do better – much better? Early in 2001 OP2000 staff and key volunteers went back to the drawing board to determine just that. What had to happen to enable still more low-income residents to achieve better living standards and to reduce the number of people falling into poverty in the first place?

With the assistance of two social entrepreneurs from DuPont Canada, staff and volunteers concluded that OP2000's ability to generate dramatically better results would depend, in part, on beefing up the organization's managerial capacity. (For a description of OP2000's "Regeneration Year" and DuPont's role in that effort, see sidebars this page and p. 26.)

OP2000's leaders have always been clear that they wanted to help people exit poverty. In the initiative's first phase they had done their utmost to measure success in these terms.

Yet they could not agree on the specific role that OP2000 should play in poverty reduction. As the initiative had unfolded, opportunities to "make something happen" seemed to be everywhere. Consequently, OP2000 had often ended up "doing everything." It was the classic opportunity-driven organization. The challenge, the leaders determined, was to create a management approach that would help them instead to maintain a focus on "high-value" work.

### 3 Steps to Better Management

DuPont and the OP2000 staff team rolled up their sleeves. What management process would enable staff and key volunteers to plan, monitor, and reflect on their daily work more effectively? What would ultimately help them make better decisions about strategies and the allocation of financial and human resources?

Flexibility would be key. The ideal management process would have to reflect the fluid, organic nature of the OP2000

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partnership itself, with its emphasis on constant adaptation to new learnings and opportunities.

The result of their collective effort has been the "organizational effectiveness management process" – a systematic, cyclical routine in which staff describe, track, and reflect upon their core work so they can take informed and timely action in support of OP2000 partners. Let us consider each in turn.

#### Step 1: Describe the Work

The first step in the process is to describe what staff do to add value to the work of OP2000 partners.

Sounds simple? It isn't. OP2000 staff had long prided themselves in "doing whatever had to be done" to help local organizations reduce poverty. OP2000's evaluation actually rated staff responsiveness to partner needs quite highly. However, the same evaluation indicated that by the end of the project's fourth year staff had spread themselves very thin by supporting a large number of partners and projects. Their once effective and well-received support had become demonstrably less effective.

In the planning session, the DuPont representatives challenged staff to articulate a hypothesis of the critical contribution they make to the community's efforts to help local people move out of poverty. After much reflection, debate, and revision, staff specified their work in terms of four interrelated areas (see diagram, p. 27):

- To expand and strengthen the OP2000 partnership and community commitment to poverty reduction.
- To co-ordinate and facilitate research, planning, and action in support of initiatives to reduce poverty.

### OP2000's "Regeneration"

Opportunities 2000 is multisectoral collaboration in Waterloo Region that is striving to make significant reductions in poverty in that community.

In the autumn of 2000 over 70 stakeholders collected at the OP2000 office to answer a simple question: Should the initiative continue or wind down? If it should continue, how can it become more effective?

Their answer was clear: proceed, but with greater competence. OP2000's Leadership Roundtable took up the challenge and publicly named 2001 the initiative's "Regeneration Year." With the assistance of DuPont Canada, staff and key volunteers committed not only to implementing a more thorough management process, but also to two other strategic changes:

- To shift away from supporting any local initiative that reduces poverty, and instead take a "systems" approach and focus on areas or issues in which local initiatives could have a high impact on poverty.
- To shift away from *multisectoral* collaboration (in which an array of sectors took a leadership role independently of each other) and towards *intersectoral* collaboration (in which organizations from different sectors work directly with each other).

OP2000 emerged from 2001 with a new vision, mission, strategy, and organizational design. Phase II is currently focussing its efforts on three main areas: the working poor, youth-at-risk of entering poverty, and seniors on fixed incomes. (For more information on the Regeneration Year and OP2000's Phase II, go to [www.op2000.org](http://www.op2000.org), "What's New," and read see the Special Edition and December 2001 editions of the OP2000 newsletter.)

- To build OP2000's organizational capacity.
- To obtain and manage the technical and financial resources required to make the three preceding tasks possible.

This exercise turned out to be extremely useful for OP2000's team-based approach to management. It provided an opportunity for people to develop a common, bird's-eye perspective on all the work they must undertake to be effective. It also led naturally into a discussion of operational strategy – how each area of work should be carried out and by whom.

### Step Two: Establish Indicators & Targets

With a firmer grasp of the work they had to do and how they could get it done, staff proceeded to develop hard and soft measures to help them establish targets and to plan and track their progress in reaching these targets.

## DuPont Canada

DuPont Canada has been operating for well over a century in Canada. During that time it has created a culture that develops and implements processes that support innovation in its businesses. Recently, it came to the conclusion that by applying this ability in the social arena, it could also make a unique contribution to community sector leaders and organizations that are tackling complex social problems, like poverty. That community and social linkage is the particular mandate of DuPont Canada's Social Innovation Enterprise ([www.ca.dupont.com](http://www.ca.dupont.com)).

DuPont assigned Colleen Brydon and Christine DeGrow to assist OP2000. They met with several OP2000 staff and volunteers and found (in their words) the "restless dissatisfaction with the current level of outcomes" they were hoping to find in a community-based partner. They agreed to work to craft new ways to approach poverty reduction and create a "step-change" in the impact of OP2000. That was early in 2000, and the two have been working side by side with OP2000 staff and volunteers ever since.

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With DuPont's assistance, staff first identified four indicator types:

- *Input:* the financial, human, and other resources invested in the work.
- *Output:* the concrete activities and deliverables generated through the work.
- *Outcomes:* the short-term changes generated by the outputs.
- *Impact:* the longer-term, sought-after changes induced by outcomes.

For each area of work, staff identified key indicators and targets. For example, one critical function is to research the experiences and best practices of other communities engaged in poverty reduction and then share this information with OP2000 partners. Here are some indicators that might be used to plan and track work in this area:

- *Input:* percentage of staff time invested on research activities.
- *Output:* the number of best practice resources secured and shared with OP2000 partners.
- *Outcomes:* number of partners that report reading and using the best practice resources.
- *Impact:* improvements or changes that users of the best practices and resources report in the way they go about their work.

Sometimes one or two indicators sufficed. For areas of real importance to the project, however, such as the identifying, recruiting, and supporting local organizations in their efforts to reduce poverty, staff felt more were required:

- *Input:* percentage of staff time invested in contacting and supporting OP2000 partners.
- *Output:* the number of contacts with decision-makers, middle-managers, and front-line staff, frequency of contacts, number of technical assistance contacts and assignments, number of contacts by each sector.

- *Outcome:* the number of partners recruited in each sector ("breadth" of engagement), the influence of the key contact in that organization, the participation of these contacts at key meetings, the number of follow-up actions agreed to, the percentage of successful follow-up actions and projects that partners undertake.
- *Impact:* feedback from partners on improvements (in terms of type and extent) to their ability to reduce poverty, feedback on the organizations' willingness to take part in ongoing poverty reduction efforts.

Staff ultimately identified over 60 key indicators that ideally they would like to track on an on-going basis. They then created (or upgraded) tools to gather and analyze the data relevant to each, e.g., surveys, workplans, and time logs. They also designated the staff person who would be responsible for co-ordinating the tracking, and summarizing and sharing the results of these results with staff and key volunteers monthly.

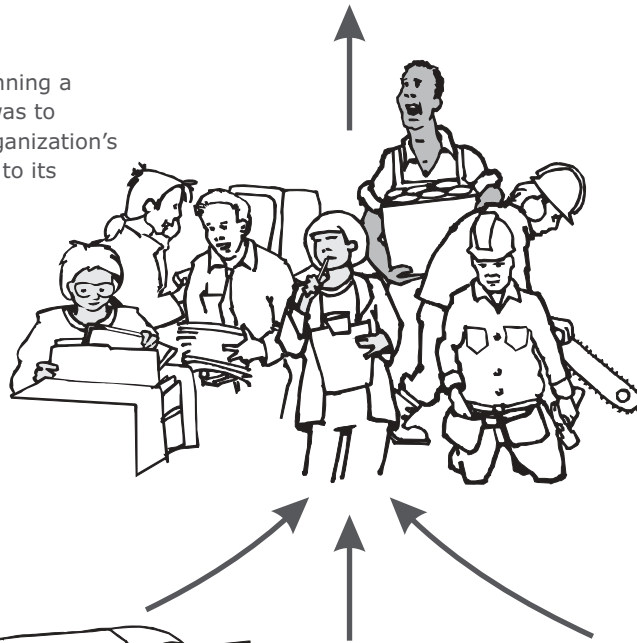
For example, staff created a form to help them design and facilitate meetings. The tool requires them to thoroughly think through the purpose of the meeting, its outcomes, methodology, and participants. Afterwards, staff use the form to assess whether the outcomes were achieved, what in the meeting's design worked well, and what needs improvement. In addition, the tally of participants allows staff to track OP2000's community reach, the engagement of key partners, and strength in various sectors.

Many CED groups that use "results chains" or "logic models" to help plan and track programs, projects, or services will find this process all too familiar. So did OP2000 staff. But never before had they used this technique to plan and assess their day-to-day work in detail.

## MANAGING THE KEY ELEMENTS OF COMMUNITY-BASED POVERTY REDUCTION

### Fewer People in Poverty

The first of three steps in planning a better management process was to “hypothesize” which of the organization’s actions and roles were critical to its higher purpose: supporting initiatives in Waterloo Region that reduce poverty. Staff decided they had four key tasks: building *organizational capacity* and the *community base* of support, and providing local people with *technical assistance and resources*.



### Poverty Reduction Work

- *Research*: scanning local poverty trends and dynamics, identifying best practice solutions.
- *Planning*: identifying, selecting, and designing initiatives to reduce poverty.
- *Supporting Action*: providing an array of supports, including technical assistance, coaching, expanding access to funding, social marketing, public education and advocacy.
- *Learning & Change*: providing opportunities for examining and reflecting on outcomes, identifying lessons learned, and exploring the changes required by partners and in the broader community.



### Organizational Capacity

- *Aspirations*: vision, mission, and goals.
- *Strategy*: actions and methods for achieving goals.
- *Human Resources*: knowledge, skills, networks, judgment, and commitment of staff and volunteers.
- *Structure*: governance, organizational design, inter-functional co-ordination.
- *Systems*: processes planning, decision-making, evaluation, knowledge management, and administration.
- *Culture*: shared values, practices, orientation towards performance.

### Community Base

- *Breadth of support*: mobilizing a diverse mix of partner organizations and citizens.
- *Depth of support*: engaging community leaders and strengthening their commitment to reducing poverty.

### Technical Assistance & Resources

- *Funding*: establishing, growing, and stewarding relationships with organizations that invest in the core operations of the convenor organizations and related initiatives.
- *Technical Assistance*: identifying, securing, and effectively using the expertise and knowledge of persons external to the convening group and, at times, to the community.

### Step 3: Reflection & Planning

The third step in the organizational effectiveness management process has been for staff and key volunteers to review their progress and determine where they need to focus future efforts.

Each month, staff carry out a “quick and dirty” review to check if they closing in on short-term or time-sensitive targets and deliverables, like monthly budgets, numbers of contacts, and research and development activity. The frequent update allows people to flag slow progress before it becomes a problem and encourages them to stay on top of matters fundamental to the organization.

Every three months, staff come together to analyze their progress in all four major areas. They explore any need to adjust their targets, to upgrade, or even completely to overhaul their approach to an area. Part of this quarterly review is for staff to rate each area in terms of a 5-point continuum:

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- *Major Strength:* an area in which the team is doing extremely well.
- *High Function:* performance is higher than “acceptable.”
- *Satisfactory:* although the work could be improved in some respects, it is generally acceptable.
- *Urgent Problems:* there are problems that prevent the team from doing a good job in this area.
- *Survival Threatened:* there are issues in this area that may threaten the very survival of the organization.

Staff have found this rating exercise to be an important extra step in their management process for two reasons.

First, it forces them to come to grips with whether or not they are really putting effort into the areas that they consider the most important and effective, and that they are making progress on each.

For instance, OP2000 staff take pride in their ability to identify and communi-

cate to partners effective tools and practices for poverty reduction. Yet this type of work can often get sidelined by the daily demands of on-going projects. If staff do not allocate time to research best practices and new ideas, they will no longer be such a source of expertise. A sobering assessment of time actually spent on research allows the team to adjust their priorities and workload so that some people have that research time.

Second, rather than create an exhaustive list of “things that need doing,” the rating exercise enables staff to rank in order of priority the areas that deserve more time and energy.

This management process is a continuous one, but with particular attention given to a quarterly and annual period of reflection and planning. The annual session only differs from the quarterly event in that staff is able to complement their internal feedback with in-depth information on the outcomes

that partners have been able to generate. At the annual events, partners can also rate the quality of the support their poverty reduction initiatives have received from staff.

On account of this management process, in the last 15 months staff have upgraded their understanding of their work, its tracking systems, and ratings of performance in key areas several times. Changes in one area (in the description of staff work, say) will almost always mean changes are required in another area. Just as the work and priorities of OP2000 – or any other organization – evolve, so too must the management process.

### It Makes a Difference

It is too early to tell if this management process will ultimately mean that fewer people in Waterloo Region live in poverty. Staff only began using the new

approach in the fall of 2001. Its full implementation has been delayed by changes to staff and the need to select a new executive director.

There are, however, already clear signs that staff team is more effective in its work.

For starters, “mapping” their work has helped staff identify where and how they might be most valuable in assisting local organizations identify and craft solutions to poverty – and to ignore many demands to provide helpful, but ultimately less value-adding work.

In the first phase of OP2000, for example, staff helped many nonprofits draft strong funding applications. Now staff focus on bringing together organizations from different sectors – including funders – to work on a specific issue or project. A more effective initiative usually takes shape. Moreover, nonprofit partners get the opportunity to develop relationships with potential funders committed to the same issue. This is a far better way for nonprofits to increase their access to funding.

The deliberate effort to measure progress in key areas is also beginning to show results. Rather than rely on their intuition alone, staff can generate objective data to help them identify where they are (and are not) making progress.

Early in 2002, for instance, staff were surprised to learn from a quarterly summary that they had dramatically expanded contacts with new organizations, particularly business and nonprofit groups. The same summary also revealed that staff had neglected their contacts with existing business partners and low-income residents. Everyone agreed that having the cold hard facts in hand helped them flag the problem before it got out of hand.

Finally, the periodic rating of team performance has turned out to be a very useful exercise in setting priorities. Because staff get the opportunity to discuss the focus of upcoming efforts, the technique also reinforces the team approach that OP2000 stakeholders prize.

### Challenges

The benefits of more rigorous planning and evaluation are already evident, but they did not come easy. OP2000 staff experienced – and sometimes continue to

experience – two challenges to introducing a more rigorous management process to their work.

The first challenge is ensuring that staff have enough capacity to sustain a strong focus on management. It takes a lot of time, energy, and skills to introduce a more rigorous process into an organization. This is particularly true early on when the process is still being designed and tested.

Early in 2001, there was plenty of administrative capacity. There were 4.5 full-time equivalent staff members, some of whom had experience in research, planning, and program development in the government and nonprofit sectors. They were personally committed to the organizational effectiveness process and made it clear that they would devote at least a portion of their efforts in 2001 to make it part of their corporate culture.

Staff turnover in 2002 has diminished the capacity to make good on this commitment. Mounting pressure from OP2000 stakeholders to spend less time “in the office” and more “out in the field” helping them generate results has made the compulsion towards front-line work harder to resist. Like any other small staff group at the center of a broad-based community process, the OP2000 team finds itself struggling to stick to the new and rigorous management process, instead of devoting the greatest portion of its energy to the “here and now.”

The second challenge is to ensure that the management process does not, in fact, require a disproportionate amount of

time and energy. If it does, there is a real danger that the process will be dropped entirely.

Even with a lot of capacity and commitment, OP2000 staff found the organizational effectiveness process they originally designed too cumbersome and time consuming. There were too many indicators to track and analyze and not enough time at the monthly meetings to review all key indicators.

Staff have already scaled back the process to make it more user friendly. They now track and analyze only the most important indicators in each area. They are simplifying their tools for collecting and analyzing data, and have chosen to sit down together to rate their performance quarterly, rather than monthly.

The experience of the last 18 months clearly demonstrates that OP2000 can adopt more rigorous management practices. The systematic articulation of the organization's role and work, tracking of progress, and reflection upon learnings and priority issues helps busy staff identify where people spend their time and how they can generate the most impact in the long run. In five years, the ramifications of this process for reducing poverty in Waterloo Region will also be known.

## Conclusion

These are still the early days of OP2000's experiment in the organizational effectiveness management process. We don't have the hard evidence to prove that other

convening organizations with a similar mandate should do the same.

We suspect that to be the case, however. The process described here emerged out of OP2000's particular experience in poverty reduction. While other convening organizations would certainly need to tailor the process and contents of the framework to suit their own initiative, the fundamentals, we believe, are generic.

We hope that the staff and volunteers at work in the growing number of convening organizations in Canada will give it serious thought. Thousands of Canadians living on low incomes are counting on them.



## Reference

<sup>1</sup>McKinsey and Company. *Effective Capacity Building in Non-Profit Organizations*. Venture Philanthropy Partners, 2001. December 1, 2002  
<<http://www.venturephilanthropypartners.org>>.

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