

# Learning about Organisational Development of Local Partners

A VBNK Case Study

December 2012



Facilitating Learning and Capacity Development

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### Background

VBNK has long advocated a systemic approach to the development of CSOs. Such an approach works holistically with an entire organisation to address interdependent capacity issues. The uniqueness of each organisation, the people working there, and the challenges an organisation faces determine tailor-made organisational development solutions. The approach also stresses building understanding, commitment and ownership for the change process. Through active engagement of staff and managers who cooperatively identify problem solutions, sustainable self-renewal capacity emerges which leaves the client organisation with the ability to take corrective steps towards its development as the need arises.

### Abstract

This Case Study shares important learning about the importance of taking a measured approach to organisational development (OD) that allows organisations to fully understand the change process, and to internalise learning along the way. It concludes that when INGOs want to work through local NGOs, they must make a more systematic and sustained commitment to partners' organisational development. OD cannot be successful with piecemeal and one-size-fits-all approaches.

### Introduction

In 2009-10, VBNK was engaged by an international reproductive health organisation to conduct an organisational assessment of its local implementing partners; and subsequently worked with nine partners to introduce transparent and accountable finance- and human resources management systems.

Specifically, the objective was to improve the organisational capacity of nine out of 11 targeted LNGOs through the following interventions:

- 1) Conduct a leadership workshop for senior management to develop organisational change plans.
- 2) Support the implementation of consistent and transparent application of financial procedures, human resource policies and organisational performance management procedures.
- 3) Review current organisational performance management practice and identify priorities for further support.

### OD follow-up assessment

To assess progress made, current status, and future need for OD support, the INGO re-engaged VBNK in 2012 to conduct a follow-up OD assessment with the original nine partners and two new ones. The assessment reviewed implementation and compliance of human resource policies, financial management systems and policies, governance structures and procedures, and how strategic plans were developed and being used to guide the organisations. In addition, we also assessed organisational readiness to change.

Specifically, the inquiry addressed the following questions:

- What changes in systems/ processes have taken place in the organisations following the intervention? (*Output level*)
- [How] have these new systems/ processes been applied consistently, e.g. have recruitment practices changed? Are the human resource policies being applied consistently? Are recruitment processes transparent? (*Progress and use of output*)
- How has this translated into improved organisational performance? (*Outcome level*)
- In addition the inquiry asked: What factors helped to influence progress and achieving results? And what factors limited/ continue to limit progress and achievement of positive results?

## Success Factors and Drivers of Change

Based on the analysis via triangulating data from report progress in 2010, plenary reflection session, focus group discussions, individual interviews and questionnaire, we found that the level of consistent implementation of improved HR-, finance-, and organisational performance management (including governance and strategic planning) varied among the 11 implementing partners. Analysis of findings pointed to a number of critical success factors and drivers of change:

### *(1) Leadership determines readiness*

Organisational readiness is widely recognised as a critical change factor determining success in all organisational development interventions.<sup>1</sup> When organisational readiness is low or absent, there will be little or no progress in the other change domains. Directors that actively champion the change process and demonstrate willingness to change set the tone at the top for changes throughout the organisation. Their commitment and involvement is thus a key factor in determining the readiness of the organisation to engage in the development process. Most implementing partners who have changed and successfully implemented improved systems, policies and procedures were able to describe how their directors had played an important role in ensuring change:

*“After the intervention, our director saw the importance of financial management to the organisational success. She talked to many donors to convince them to help us with funding to provide further QuickBooks training, translation of financial policies and procedures, and review and improvement of current implementation of integrated accounting system. Besides, she always follows up our implementation and ensures that program staffs comply with our financial policies and procedures.”*

### *(2) Ability to critically self-review*

A closely related factor is an organisation’s ability to critically appraise its own performance and to identify how the organisation must grow and evolve to remain relevant to the external environment. Some partners have committed to a narrow programme focus and are dependent on funding from only one or two donors. This places them at risk; yet they seem unable to imagine a different future or see how the programme might evolve in order to remain relevant to the changing external environment and to community needs.

Those organisations tend to ‘externalize’ issues (e.g. ‘the problem is that the donors will not provide more funding’) rather than asking ‘what can we do to strengthen our credibility and secure new funds?’ ‘The board is not functioning because the board members are too busy,’ rather than asking ‘am I engaging the board and making the most of what a board can offer?’

### *(3) Ownership of and commitment to the change process*

While all implementing partners expressed keen interest in organisational development, many of them wanted to quickly fix everything. There was also an expectation that VBNK would do the work – revise and update policies or develop a new strategic plan and then present the finished products. We were clear that our role as OD consultants was to facilitate the change process and that the organisation – ultimately senior management - was responsible and accountable for leading organisational change.

From the outset VBNK also stressed the importance of taking a measured approach that would allow each organisation to fully understand what it was doing and why, and to internalise the learning along the way. Revising policy documents or developing strategic plans was the desired end game, but the process was equally important. And that making space for staff to get involved and to provide input would ground the resulting policies and ensure understanding and buy-in in relation to any proposed changes. Those partners who have successfully implemented the new systems, policies and procedures, also acknowledged the importance of their engagement in the change process:

*“...I know the reason for writing certain article into the policies because we worked together with VBNK to do this. I am confident in providing orientation to other staff, as I am the one involved in developing the new*

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<sup>1</sup> See, for example, Phum Thol, Sim Chankiroth, Dennis Barbian & Graeme Storer (2012) "Learning for capacity development: a holistic approach to sustained organizational change," in *Development in Practice*, 22:7, pp. 909 - 920.

*policies... We have used the process that we learned from VBANK to develop our accounting system to develop a system to manage funds at the commune level. With that process, we can develop a simple system that fit with commune capacity and resource available.”*

**(4) Ability to differentiate organisational needs from donor demands**

Some organisations were overly compliance driven – making only the minimum required changes that the donors were demanding. Documents have been produced in English (for the donor) but not translated into Khmer for staff. A strategic plan developed in a facilitated workshop has not been written up. They felt that additional proposed improvements (such as an integrated financial management system to produce timely reports for different donor formats) would create an unwanted burden and instead opted to stick with more cumbersome systems. Providing a lip-service – putting in place policies and procedures without the existence of robust systems to support their implementation does not lead to sustained change. Unfortunately, those organisations that did not demonstrate ownership and commitment are also those that did not (fully) implement the revised plans, systems, or policies and procedures.

On the other hand, some of the smaller, fledging organisations struggled – not unexpectedly – to comply with the demands posed by the donor. While they were keen to make the required changes in the areas of human resource and finance management, they were overwhelmed by more pressing OD needs in other areas and would have needed help with those issues first (e.g. without first strengthening programme focus and implementation, they would not be able to secure further funding, and thus would not be able to implement the revised policies and procedures).

**Bands and Scenarios**

Overall, the findings led us to group the 11 LNGOs into three categories:

- *Becoming Resilient* (stable and diverse funding to support programme portfolio; strong programme support functions, robust and ready to apply for *Good Practice Project* (GPP) certification) = 3 LNGOs
- *On the Way* (foundations in place but still need focused OD) = 4 LNGOs
- *Require Significant Organisational Development* (weak or lack of systems and which were struggling to survive) = 4 LNGOs

We constructed four scenarios to represent the groups:

<p style="text-align: center;"><b>Scenario 1 – same, same</b></p> <p>The NGO continues in the same way with insufficient funding to cover all operating costs / inequity in terms of staff benefits exist and morale is low</p>	<p style="text-align: center;"><b>Scenario 2 – the bridge</b></p> <p>The NGO is able to secure new funding (although still small and short-term) from a new donor that gives it time to regroup and rethink the future.</p>
<p style="text-align: center;"><b>Scenario 4</b></p> <p>Funding from single donor stops and NGO unable to secure new funding. What benchmarks would indicate the NGO is sliding from 1 to 4? How to plan for close down in a way that is respectful of all staff?</p>	<p style="text-align: center;"><b>Scenario 3 – the bright future</b></p> <p>The NGO revises its strategy and program focus and secures multi-year funding and builds robust management systems to boost donor confidence and credibility.</p>

## Discussion

We used the data to discuss the following: The INGO had focused on HR and financial management systems and not the whole system. There was some attention to strategy and governance, but no mention of programme delivery. The decision to 'narrow down' the assessment in this way had been driven by the back donor and thus all the LNGOs had to run to comply. But the smaller ones struggled to do so. They really needed help in other areas – to refocus their strategies and locate funds. Not all LNGO directors had supported the change process required and this had got in the way. However, donors need to recognise that if they want to work through local NGOs then they must make more systematic and sustained commitments to organisational development.

## Recommendations

If the INGO decides it wants to continue supporting the organisational development of LNGOs, then we provide two recommendations:

- First, encourage back donors to adopt a systems approach to OD – the whole organisation (not bits and pieces) and also to ask, which organisations are delivering on project results?

It is also important to acknowledge that building resilient local NGOs (particularly when starting with small, fledgling CBOs) requires a long-term commitment to a process of change. OD cannot be successful with piecemeal and one-size-fits-all approaches.

- Second, there is scope for further strengthening the systems, policies and procedures of the current LNGOs to ensure they can deliver on quality technical and operational services and achieve results.

## Conclusion

While the original mandate of this project was to ensure all partners would review, update, and implement transparent and accountable human resource policies and finance policies and procedures, this was an important starting point but it did not require the partners to take a 'big picture' view of their organisations' development and to consider the larger system or to see the interconnectedness of the different areas of change. It also did not acknowledge that some organisations had more pressing OD concerns.

When organisations see the bigger OD picture and are not driven by donor compliance, they are able to focus on and distinguish short-term, immediate needs from longer-term needs. And they are better prepared to lead and own their own organisational development. When INGOs want to work through local NGOs, they must make a more systematic and sustained (not bits and pieces) commitment to partners' organisational development. Building resilient local NGOs requires long-term commitment to a process of change. OD cannot be successful with piecemeal and one-size-fits all approaches.

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## About VBNK

VBNK is a dynamic Cambodian learning organisation at the forefront of capacity development. VBNK works with NGOs, donors, government and private sector organisations so that they can contribute more effectively to sustainable social development. Since its original single purpose of providing management training for the staff of NGOs VBNK has progressively adapted its programme in response to a deepening understanding of the complexities of Cambodia's development challenges. Having recognised that training alone is not the most effective route to sustainable capacity VBNK's now has a programme designed to stimulate and support sustainable change practices through facilitation of organisational development processes, open access and customised training, leadership development, and coaching. VBNK is engaged in a continuous process of developing its expertise and resources to be able to offer facilitation, training and other services in ways that enhance learning and creativity in other organisations. VBNK's Cambodian trainer-facilitators are able to draw on a wide range of tools,

techniques and materials to facilitate training and other learning events, conduct consultancies and contribute to projects. VBNK aims to ensure that participation in events leaves participants not only with new knowledge, skills and recognition of their own wisdom but also, and more importantly, with tools that enable them to continue reflecting on and learning from their work and life experiences. The use of creative processes does not attempt to replace other methodologies and project frameworks, many of which are the subject of VBNK's training courses, but to underpin and supplement them with more effective ways of establishing the good relationships and other fundamental prerequisites for good development practice to take place.

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