



SERENIC[®]
SOFTWARE

Smart Stewardship

In a Rapidly Changing World

A whitepaper by Peter C. Brinckerhoff

www.serenic.com

© Copyright 2018. Serenic Software.

TABLE OF CONTENTS

Introduction _____ 3

More Mission _____ 4

Better Mission _____ 4

More Effective Mission _____ 4

More Efficient Mission _____ 4

The Smart Stewardship Decision Tree _____ 6

Decision Tree Diagram _____ 7

Introduction

Today's nonprofits are, as a group, better managed, better governed and more effective than ever before. That's saying a lot for a sector that is still mired (like too many of the communities we serve) in a deep recession. Things around us are still in flux, and the recovery is still tenuous at best. Every organization, for profit or nonprofit, has to be smarter in this environment and, in the nonprofit world, we need to be smart stewards. We need to be able to find the best path for our organization and get the most mission out the door every single day. To do that, we have to consistently make the best decisions for our mission, our nonprofit and, ultimately, the people we serve.

So where to start? The starting point and the ending point for any nonprofit should always be the same: the mission. In your day-to-day discussions, your week-to-week decisions, your five-year strategy, the result of all your deliberations should always come down to one or more of the following outcomes:

- **More Mission**
- **Better Mission**
- **More Effective Mission**
- **More Efficient Mission**

Sounds pretty straightforward, right? Wouldn't we all like to be able to do this every day, every decision, every meeting with our board and staff?

While we might like to in theory, in the real world, it's NOT easy, as any seasoned nonprofit manager will tell you. There are widely varying opinions about most decisions in nearly all organizations. The board may want to go one way, while the staff want to take a different path. Within the employees, line staff may see a different set of priorities than the management team, due to their very different perspectives. Volunteers, funders, donors and, of course, the people you serve all have their ideas, and each comes from a different place, even in situations where everyone agrees on the organization's mission and values (not always the case, trust me). All of these reasons are why we're going to examine a common decision making format in this white paper.

For now, though, let's look at each of our four seemingly simple outcomes in a bit more depth.

More Mission

A decision that results in your organization doing more mission can result in that mission increase in the short term or a ways down the road. For example, a counseling service might decide to add longer hours, a school might add a classroom and associated staff or a low income housing developer could choose to add 12 new units. More mission is pretty straightforward and usually easy to measure.

Better Mission

Doing more mission is wonderful, but just as important is doing the current mission at an ever higher level of quality. That's better mission. Of course, developing and using a quality assurance policy is one such decision, but so is to invest more in staff education and life-long learning, or to engage in site visits at other peer organizations, to join and be active in a professional association, or to decide to participate in an accreditation process in your organization's field. Most importantly, just saying in your values statement, "Our nonprofit will be a world-class organization!" does not by itself make it so. You have to decide to invest the time, the talent and the treasure to do so.

More Effective Mission

The final two outcomes, More Effective Mission and More Efficient Mission, sound similar but they are not (and are often confused), and I want to deal with what I will suggest is the more important of the two first.

A more effective mission outcome is one that has more lasting effect in whatever way your nonprofit views the optimal outcome. It is described very well in the old adage, "Feed a person a fish, and they eat for a day. Teach the person to fish and they eat for a lifetime." Thus the nonprofit that feeds 1 or 100 people a fish has a higher volume but not a very effective outcome. The same nonprofit decides to invest in fishing classes may well have found a more effective use of their resources.

More Efficient Mission

Efficiency is good, as long as it doesn't effect quality and effectiveness. And, as a steward, since our job is to get the most high-quality mission out the door every day using all the resources we have, we should be as efficient as we possibly can be. This requires that we are also innovative and reflective, looking at best practices and trying to wring as much mission out of every dime that we can.

Sometimes, ideas of how to measure our efficiency get us into trouble as well. We tend to measure what's easy, which can result in our measuring and valuing activity rather than quality. A counselor who is evaluated on seeing at least 20 people a shift (up from an average of 17 last month) may well begin to value volume over quality, or just as likely resent the management team as people "who don't care about services...they just want us to treat our clients like numbers so we can get reimbursed." Make sure you remember that being efficient in mission-provision is a good thing, as long as it doesn't negatively effect quality or effectiveness.

To reiterate, all your decisions should result in one (or better, more than one) of the outcomes listed above. And, since everyone in your organization, board, staff and non-governing volunteers, wants to do the best mission possible, getting your decisions to accomplish one or more of the four mission outcomes should be pretty easy.

But as we saw, it's not. You should get a great deal of input, and thus you'll have different points of view and priorities. Sometimes good, frank discussion can degrade into open, divisive conflict. That's why I recommend your organization consider the use of a decision sequence, or what I call a decision tree.

If your nonprofit has more than, say, ten employees or volunteers, many of these decisions, particularly those at the line of service, are not made in a group or, at least, not made in a group where the CEO or Board President is present. Thus, you have to trust your staff and volunteers to make the right choices when they are on their own, to make decisions that result in one or more of the four outcomes we discussed earlier: more mission, better mission, more effective mission, more efficient mission.

So how can a decision tree help you make better decisions? Oddly, in some cases, it will help you be able to not make the decision at all. Used properly, decision trees can help you make more consistent, mission-based decisions across the organization. Why? Because the decision tree keeps you focused on mission, quality, and capability and makes sure you do your homework before you decide; you're thus less likely to just chase the money.

A decision tree is also a backup checklist for big or fast decisions. If you've had to make very big decisions in your career, you've almost certainly had doubts about whether you've considered everything. "What am I forgetting?" is a concern that has kept many a nonprofit manager up at night. Of course, that kind of concern is only exacerbated if the decision needs to be fast, right now, with no real time to think through the options at the pace you're most comfortable.

Finally, a decision tree can help with delegation and reporting. Knowing that your staff will go through the same decision format that you are using helps reluctant delegators let go.

It's important to point out that decision matrices or trees are at their best when they have been developed by a group process that is very inclusive and when staff and board are trained how to use them, and use them regularly. Some people will consider the whole idea restrictive and anti-creative, but if you cast a wide a net as possible in the matrix's development, if it is synced with your mission and values, and if you train and lead in its use, you'll be fine.

There are two dangers in using a decision tree to consider. First, there is the possibility that using a common tool like this could take you where you don't want to go: groupthink. You don't want your decision tree to stifle innovation. Thus the questions in the decision tree must generate discussion, cause reflection, but not just become a management lockstep that squelches every new idea before it can fully gestate.

The second danger to consider is that of a decision tree just becoming a mindless checklist. You have a decision to make, you look at the matrix and say, "Mission, check, values, check, money.....well pretty much a check. Quality... check, I guess, capacity...check...." and simply move on without contemplating the real concerns that any checklist is supposed to help you avoid. You've got to drill deeper than just the surface level.

The Smart Stewardship Decision Tree

With that background, let's look at the Smart Stewardship Decision Tree. Keep in mind that this is just my decision tree, the one I use with my clients. I like this decision tree and it's worked for me and my clients, but I don't recommend just adopting this model wholesale. Customize it for your organization. You'll get more out of it, both because of the adaptation of the tool for your nonprofit and because of the process I recommend you go through to do the customization. But first, let's take an overview look at the tree, and then break it down a bit.

NOTE: The Smart Stewardship Decision Tree is available for nonprofits to use under the Creative Commons Attributions-Non Commercial License. That means that your nonprofit is free to use, amend, and share the decision tree, but you can't use it to charge fees to others.

The Smart Stewardship Decision Tree has seven what I call "core questions" to consider as you move through the matrix. (I know there are eight boxes, but two are closely related to capability, and so I consider them one.) The areas that these deal with (in order) are:

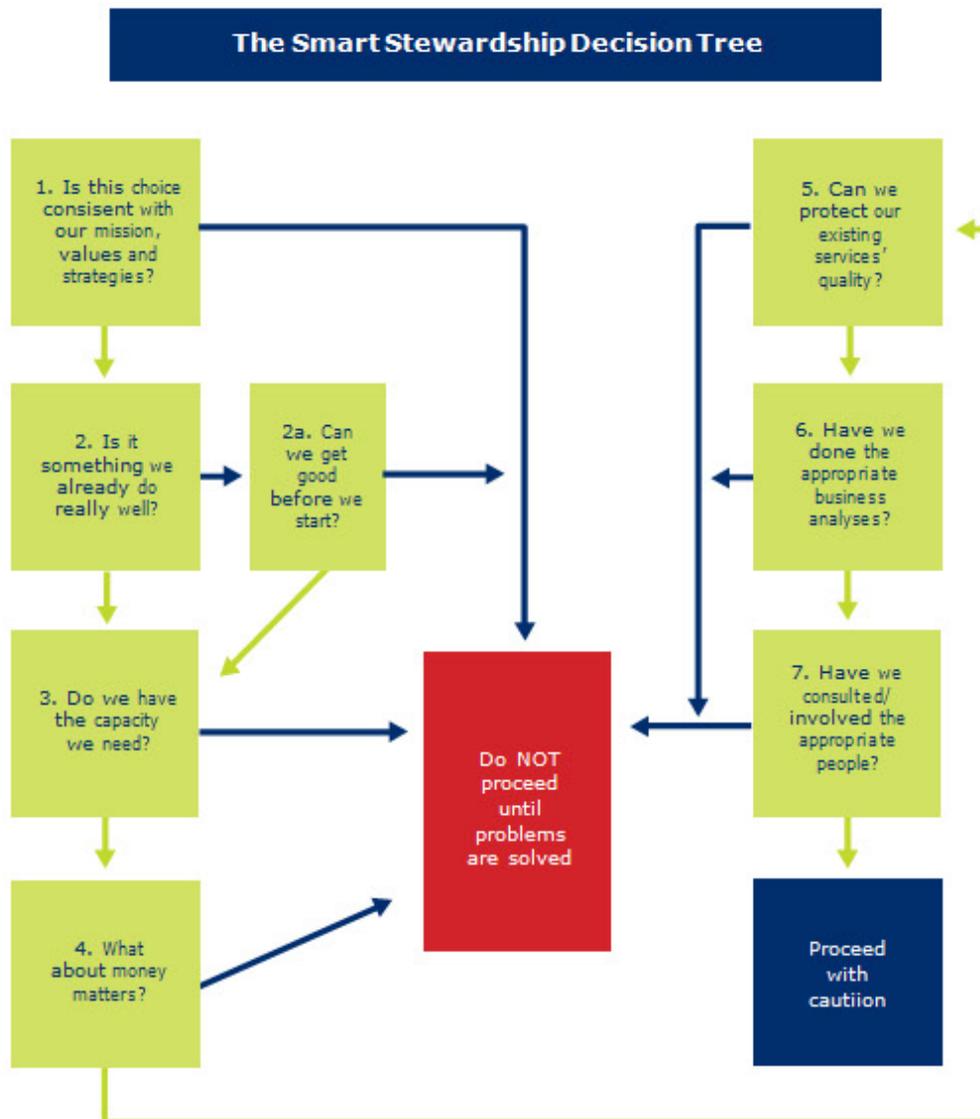
- **Mission, Vision, Strategy**
- **Capability**
- **Capacity**
- **Money**
- **Quality**
- **Analysis**
- **Consultation**

The core questions are, as noted, in priority order, and it should be no surprise to anyone that mission comes first. As you move from one core question to the next, you see that, unless you can answer the question in the affirmative, you're routed to the red box which simply states, "do NOT proceed until problems are resolved."

If you can answer a core question affirmatively, you move to the next core question in priority order. And, even if you answer all the questions in the affirmative, you're still urged to "proceed with caution."

As I said earlier, one of the dangers of any checklist is tearing through it and going check, check, check, and then moving on. In our decision making process, it's easy to say, "Of COURSE my idea is mission related!" and move on. Easy, and dangerous. That's why we use this tree—to slow the pace of decision making down a bit to assure as much information as possible gets into the discussion.

Let's look at the decision tree I use.



As you might expect, while the core questions are valid, you need more detailed questions under them to be assured it's safe to move ahead. I often design these with my clients, but let me give you a sample set of questions for the first core question: "Is this choice consistent with our mission, values and strategies?"

- Does this choice result in one or more of the following: more mission, better mission, more effective mission or more efficient mission?
- Can these mission outcomes be quantified?
- Does the implementation of this choice result in violation of any of our stated organizational values?
- Is this choice specifically included in our strategic plan, marketing plan or business plan?
- Do we have internal consensus to move ahead and have a project champion, someone who is passionate about the idea?

Can you see how answering these questions would make it more difficult to just check the core question off? That's the idea, and you can develop secondary questions for each core question to best meet the needs of your organization.

Let's examine a few of these questions in a bit more detail to get you started.

Core Question #3: Do we have the capacity we need?

There are, of course, many kinds of capacity: time, money, physical space, IT, HR, vendor capacity, waste capacity, etc. If you are already using a dashboard to monitor staff time, overtime, sick time, etc., you can get a better feel for whether you are running out of people's time. Space is, of course, easier to measure, but don't just cram everything into a space that's too small; at some point it becomes inefficient and even dangerous. Make sure to consult your HR, IT and finance people early and often. Can they handle the transactions that will come from your decision? Is it time to upgrade hardware or software in advance?

Core Question #4: What about money matters?

Of course, money matters. Money enables mission! Now is the time to do a careful cash flow analysis of the impact of your decision. If there's growth involved, working capital will be used; where will it come from? Your endowment? Restricted assets? Unrestricted funds? How will this activity or decision affect your budget this year and next? What about your current grants and contracts? Will it impact them? Can your accounting system help you easily determine the answers to these questions?

Core Question #6: Have we done the appropriate business analysis?

Your cash flow analysis is a start, and should be done with nearly any significant change. But often you'll need a larger analysis, which may mean a full feasibility study, a complete business plan, or some other specific financial and marketing analysis. Remember if you do this, to have at least one outsider look at your final product to check your work from an objective point of view.

My recommendation to you is to first look at all the core questions and adopt and amend those that meet your nonprofit's specific issues, values and situation. Perhaps you even need more than one decision tree; one for large strategic issues, and one for more mundane day to day issues. Or, you might want a tree that works for your board, and one (very similar, but probably more detailed) for your management team.

Whatever you decide to do, even if it is to adopt my decision tree without change (which, I repeat, I do NOT recommend), there are three things to remember to do as you move forward.

1. Be Inclusive

Sit down with your management team first, and develop a rough decision tree. Run through one or two sample problems and amend the tree as needed. Next, go to your mid-level and line managers and run the idea of a decision tree by them. Show them your draft and ask for input. Again, try a mock problem with them. Give the line managers two or three days to consider the idea and meet with them again to get their additional input. Finally, it's time to go to the board and get their input as well.

2. Train, Train, Train

For many nonprofits, use of this kind of decision matrix will be something new. There will be misgivings, problems and probably some push back from staff who are unfamiliar with the idea. Obviously, having more people involved in the development of your decision tree will help with some of that concern, but the best way to get over it is to train yourself and others in how to use this new tool.

First, talk about the tool and the reasons for using it. Discuss what expectations are for its use:

All decisions? Big decisions? Just for ideas brought up the management chain for approval? Then take people through a decision or two that is relevant to their level in the organization. For each group start them with a small problem, and move to a more difficult one. Thus for senior management, you might start with a response to a Request for Proposal from a foundation, and then move to a more weighty issue like expanding services to an adjacent county. For mid-managers, you might start with an opportunity to develop a book club with their staff and then consider a decision to move to a new quality assurance system.

The idea is to develop the muscle memory needed to be comfortable and capable with the new decision tool.

3. Revisit Your Decision Tree in Six Months

Time and practice (even after your training) will show you a lot about the use and effectiveness of the decision tree. Tell everyone on the staff to make notes as they use the matrix on ways that it can be improved. Make sure they tell you if they feel that using the tree stifles innovation, or encourages more discussion, or keeps people focused on the mission, or does something totally unexpected.

In six months, get a small team together (senior managers, board members, line managers) to discuss how the decision tree worked and make formal suggestions on how to improve it.

One more time: A decision tree or matrix is an essential component of Smart Stewardship because it can enable better, more consistent and mission-centric decisions throughout the organization.

About Serenic Software

Serenic Software develops and delivers mission-critical ERP software solutions for public service organizations including: K-12 school districts/boards, public sector, nonprofits (NPOs), and international non-governmental organizations (NGOs). Serenic is a Gold ERP and ISV vendor and a development partner for Microsoft. Serenic public service solutions are trusted by over 1,000 organizations around the globe. You can learn more about Serenic Software at www.serenic.com.

About the Author

Peter Brinckerhoff is an internationally acclaimed author, lecturer and consultant on nonprofit management and governance. You can learn more about Peter at his website: www.mission-based.com.

This article is adapted from *Smart Stewardship for Nonprofits: Making the Right Decision in Good Times and Bad*, by Peter Brinckerhoff, 2012, John Wiley & Sons.

Serenic Software

USA | Canada | UK

TF: 877.737.3642

TEL: 303.980.6007

marketing@serenic.com

www.serenic.com



SERENIC[®]
SOFTWARE