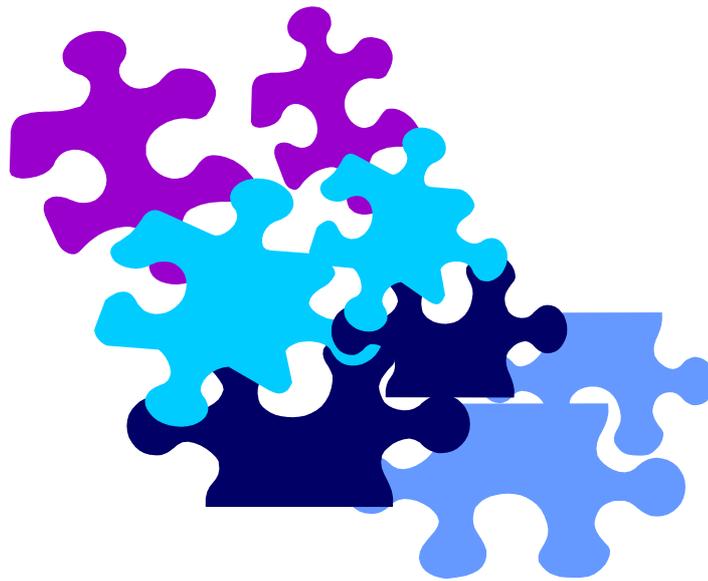




**ChildHope**  
Making hope a reality for the world's forgotten children

**Organisational Assessment  
For  
Development Planning**



**Guidelines and Toolkit**

**2004**

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## Foreword

The number and size of non-profit organisations, commonly known as NGOs (non-government organisations) has increased dramatically in recent years. This increase has not always been accompanied by an improvement in services or performance. In fact, there are indications that overall the sector may be weakening as many organisations have been established by people with limited or no experience of the voluntary sector.

The combination of an increase in numbers of NGOs with declining performance has made accessing donor funding an increasing challenge, as donors apply pressure on NGOs to 'demonstrate' accountability and competence. Many NGOs are now struggling to survive for this and other reasons, including:

- the variety of timetables, frameworks and budget processes demanded by different donors
- the tension between meeting donor targets and local conditions requiring a more 'process' approach to development planning
- the requirement that programmes be locally owned without preliminary funds for local participatory approaches in programme design
- the shift by donors to direct government budget support and new pressures on NGOs to work with local government and hold government to account in terms of service delivery.

Clearly, such challenging and changing circumstances require effective and efficient NGO structures and systems if they are to be met. As a consequence, more attention is now being focused on assessing the organisational capacity of NGOs to work effectively. Such an assessment may be carried out as an external appraisal or as an internal self-assessment. Whatever the methodology, the results of such assessments have contributed to a growing realisation that poor NGO performance is often as much, if not more, to do with internal organisational problems than on the design of their programmes or projects. Increasingly, therefore, NGOs are conducting assessments and evolving responsive development plans as a means by which to not only survive but to thrive. However, access to information on how to go about both is often difficult. These Guidelines have been developed to fill the gap. They include some background information on organisational appraisal and organisational development planning, suggest some practical methodologies and include a range of tools and techniques.

There is no single or right way to conduct an organisational assessment (OA), or to devise a plan for organisational development (OD). Much depends on the scope of the study, time available, size of organisation and competence of staff. However, these guidelines and tools should help you select the right approach for your own organisation and keep you on track as you go through the process.

At the end of the Guidelines is a form for feedback on lessons learned and recommendations. Please send you comments to ChildHope so that we can improve the services and materials we provide for all our partners.

We hope that these Guidelines and Tools are of use to you and help build your organisation's confidence effectiveness and resourcefulness in order that you deliver effective support and services to those members of the community you seek to represent.

A J Christie

## Part I : Introduction

### **Why is a manual on organisational assessment necessary?**

The number of NGOs in the world and the size of these NGOs has grown dramatically in recent years. This growth has not necessarily been accompanied by an improvement in their performance or the service they provide. At the same time, however, there has been a shift in emphasis from the donor community towards accountability transparency and above all effectiveness.

With an increasing realisation that poor performance may be linked to internal organisational problems – and not just poor programme design – attention is being focused on assessing the organisational capacity of NGOs in terms of their performance. This requires good tools for diagnosing effectiveness.

### **Is organisational assessment suited to NGOs?**

OA is immediately attractive to NGOs as its underlying values of participatory empowerment and working together are consistent with NGO values and beliefs. It is a logical step because to implement development activities in a sustainable way, there is a need for strong organisations.

### **What is an effective organisation?**

An effective organisation is one that makes the best use of its resources to maximise performance – depending on the organisation in question this performance can be measured in different ways but primarily should relate to the organisation's purpose and objective.

### **What factors contribute to organisational effectiveness?**

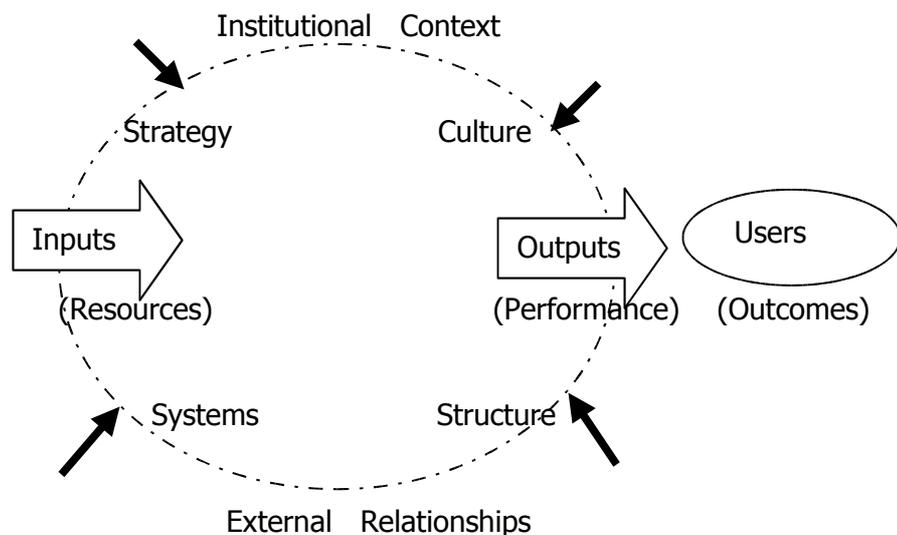
There is no single factor which will guarantee organisational effectiveness but the following may contribute to success:

- clearly defined goals and strategies to achieve them
- strong visionary leadership
- a strong well-organised staff
- a sound resource
- good systems for management and decision making
- appropriate mechanisms for monitoring performance
- good relationships with key external organisations especially partners
- a value system which emphasises performance, mutual support, creativity and flexibility
- the ability to respond fast to opportunities and threats.

**How do we assess organisational effectiveness?**

A wide range of tools and methods have been developed to assess organisations and this will continue to be a dynamic and evolving discipline. There is no 'best way' of tackling this but it may be helpful to think of your organisation using the 'open systems model.' This encourages you to look at the component parts of your organisation and to assess each in turn.

**Figure 1: Open Systems Model**



**What are the key components to be considered during organisational assessment?**

People/HRM

The key 'components' of organisational assessment as suggested by the open systems model above are:

- institutional context
- inputs and resources
- strategy
- culture
- people and human resource management
- systems and processes
- outputs and performance
- external relationships particularly with end users

**What is meant by the institutional context?**

The institutional context refers to the regulatory framework, both formal (e.g. legal system, political system, civil service regulations, contractual rules) and informal (e.g. social custom, local culture, gender/age perspectives) which govern behaviour within and across organisations. Institutions have been referred to by a number of donor agencies as 'the rules of the game'.

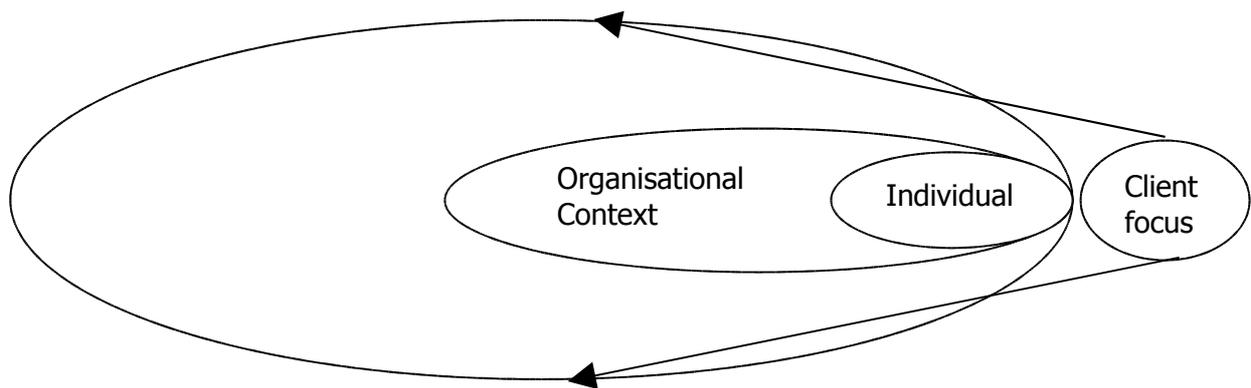
Institutions shape the incentives that drive behaviour and performance and people's expectations about the rights and obligations that can be assumed in any given social transaction.

**Are institutions and organisations the same thing?**

In the past, most people have used the terms 'institutions' and 'organisations' almost interchangeably, often referring to 'institutional weaknesses' when they really mean weaknesses in a specific organisation, in terms of the nature or capacity of its structure and/or processes.

These days the institutional context is understood to mean the wider context within which organisations operate. Individuals operate within organisations and all operate successfully if focused on the client.

**Figure 2 : The Institutional Context**



**What are the key questions relating to strategy?**

The key inputs to be examined in any organisational assessment are the financial ones. The financial position and prospects of your organisation should be reviewed. As should expenditure: where does money go? Overall, you should be able to determine what links there are between inputs and defined outputs.

**What are the key questions relating to strategy?**

An organisation needs strategic direction to succeed. Does your organisation have a strategic plan and is this likely to be implemented successfully? How effective is your leadership including the Board of Governors, if you have one, and the Senior Management Team or Executive Director?

**What questions should we ask about organisational culture?**

Much has been written about the 'culture' or management style of organisations. What kind of management style is prevalent in your organisation? Is consultation and participation favoured or is the style more bureaucratic and 'top-down'? What opportunities and challenges does the culture of your organisation present?

**How can we assess people issues (including structure) and human resource management?**

In order to assess the structure of an organisation, we need to know about staff numbers and qualifications and how these relate to organisational function and performance. We need to know what the formal structure (organogram) looks like on paper and whether it is appropriate and works in practice. Where are the lines of accountability and decision-making? How are people coordinated and to what extent has authority been devolved? Do staff have the necessary skills? What are the skills gaps? How are these being met? How motivated are staff? What incentives drive behaviour?

**What is included under the heading systems and processes?**

People and resources are made operational by systems and processes. These include decision-making and information management systems. Financial management and supervisory systems. What are the systems operating in an organisation and are they used in practice? Are they dysfunctional in any way and if so, what are the problems?

**How does an organisation measure its outputs and performance?**

Every organisation needs to be clear of its fundamental purpose and how this will be delivered. For this, we need baselines from which to measure impact, clarity over our performance indicators, an ability to manage performance – which includes appropriate learning/review and response mechanisms.

**What do we need to consider under the heading external relationships?**

Every organisation has relationships with individuals and organisations outside itself. Of particular importance are the end users of its products or services – but there may be other key links – with resource providers (donors), partners (NGOs, government organisations, network members and competitors to name but a few).

Understanding the scope and value of these relationships is often the key to maintaining a healthy organisation – but often overlooked. In our eagerness to strengthen our organisation from within, it is critical that we do not forget that every organisation is influenced by the wider context within which it operates.

**How is assessment carried out?**

A variety of tools and methods are being applied to organisational assessment. This is a dynamic area of work and these tools are continuously evolving. There is no "best way" of tackling capacity assessment - no blue print approach. The key to success is to understand and internalise the core principles of the OA process and to select an appropriate mix of methods and tools that can guide the organisation through such a process, tailoring them to the specific situation. This almost always has to be done as part of rather than prior to the assessment process.

**How is the OA method chosen?**

Firstly, ensure that the method you choose relates to your purpose. A comprehensive approach is often needed. Secondly, estimate the degree of organisational complexity involved - is the organisation large, spread over a wide area, with many donors and large budgets? Does it carry out a wide range of activities? A third factor is the question of whether money is available for OA. A fourth is the level of crisis in the NGO concerned. Finally, a difficult factor to judge is whether or not this is the right time for an in-depth OA. It might be counter-productive if OA "damages" an NGO at a critical time operationally. The next section of this manual includes a range of OA tools from which you can develop ideas and your own individual approach.

**What are the basic steps to OA?**

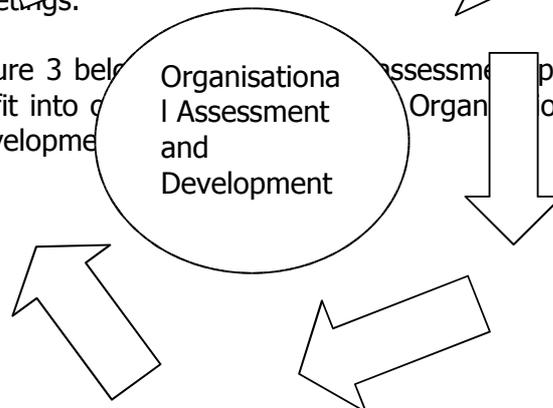
The following basic framework for formulating and facilitating an organisational self-assessment may be helpful:

1. Before you start: **win support and commitment**, raise awareness, identify roles and identify important stakeholders? Be prepared to find that the NGO does not yet really "own" the process. Look for signs of this at the outset and introduce mechanisms of wide and full participation which will improve the situation.
2. **Negotiate methods to be used** and how participation and control will be encouraged. Almost certainly, a range of methods will be desirable. These could include workshops, group discussions, one to one interviews, questionnaires and the study of documentation.
3. **Decide what information is needed**, how it is to be gathered and validated and then collect it. Be prepared to change this "list" during the assessment. The assessment process will raise issues and highlight concerns as it proceeds. Be prepared to react to this new information and amend your strategy and methods in response.
4. **Analyse, share, interpret and debate the information.** Understand areas of strengths and weaknesses and reach conclusions on difficult issues. This is best achieved in a workshop environment. Findings of a problem/issue focused workshop at the outset could for example be reflected upon in a 'solutions' workshop towards the end of the assessment process. The widest possible participation in such workshops is desirable.
5. **Identify priority areas for organisational change.** This should be done by consensus if possible. Any differences in views and perspectives should also be recorded.
6. **Make a plan of action.** This plan can include your own recommendations based on findings and wider experience. Try to prioritise these recommendations. Most OAs will conclude that a variety of organisational development strategies are required, of which training is only one. Don't be afraid to propose alternatives and options. If done well, your OA recommendations should form the basis for some OD planning, driven by the NGO itself.

This Plan of Action is the basis for the implementation, monitoring and evaluation of change processes that will follow.

These steps are cyclical and iterative, with a learning as the fundamental objective. Methods may include workshops, small group discussions, one to one interviews, questionnaires, focus sessions and review meetings.

Figure 3 below shows how the Organisational Assessment process (Steps 1 and 2) fit into the overall Organisational Assessment and Development process.



Step 3: Action  
Planning  
for Development  
(sets direction  
through key  
objectives)

Organisational assessment is ideally participatory and should itself build capacity. This requires that NGO staff themselves accept responsibility and "own" the OA process. The preferred stance of an external trainer or consultant should be formulative - engaging staff and starting from their realities. Commonly known as process consultation, the facilitator's role is to guide learning. Often, the major challenge for a facilitator is to build ownership of the process during the organisational assessment.

The overall OA success is also dependent on the wholehearted support and active engagement of governors, leadership and senior managers. Equally, other key stakeholders, such as the community groups with which the NGO works and the donors who support the NGO work, should have some input into the process. In the long term OA should be seen not as a one-off exercise but as an ongoing process in the life of a healthy NGO, with structured periods of review and reflection.

Commonly cited values of participatory self-assessment are that:

- it emphasises openness, trust and working together
- it seeks to meet the needs not just of systems and groups but of individuals
- it is grounded in real experience
- it emphasises feelings and emotions as well as ideas and concepts
- participants are involved in action research
- it emphasises interaction and ownership of results and plans
- it strengthens organisations to solve future as well as current problems
- it helps organisations become more able to learn
- it is about conscious and not accidental change
- it focuses on improving organisational effectiveness as defined by the organisation itself.

**What tools are available for assessment?**

There are numerous tools available and you should select those most suited to the organisation in question. To do this, consider time available and the capacities of staff members to participate. The toolkit in Part II provides direction on the following tools and techniques.

**Tools**

1. Organisational Assessment Framework
2. Checklist for Organisational Assessment
3. Open Systems Analysis
4. 7-S Study
5. Organisational Elements Model
6. Burke Litwin Model
7. EFQM Excellence Model
8. Capacity Assessment Guide
9. Organisational Effectiveness Questionnaire
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13. SWOT Analysis
14. PESTLE Analysis
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16. Change Plan Development

**Techniques**

1. Visioning
2. Forcefield Analysis
3. Problem Tree Analysis
4. Questionnaires
5. Focus Group Discussions
6. Interviews

**How do I select which tool to use?**

There is no right answer to the question of which organisational assessment tools to use. Much will depend on documentation already available, capacity of the people involved and time during which the assessment will take place.

You can collect data in a variety of ways – as described below.

**Overview of Data Collection Methods**

**Questionnaire survey**

- This involves a printed or electronic list of questions
- This is distributed to a predetermined selection of individuals
- Individuals complete and return questionnaire

**Face-to-face interview**

- This involves personal interaction
- Interviewer asks questions, normally following a guide or protocol
- Interviewer records answers

**Telephone interview**

- This is like a face-to-face interview, but it is conducted over the telephone
- Interviewer records responses

**Group technique** (interview, facilitated workshop, focus group)

- This involves group discussion of predetermined issue or topic
- Group members share certain common characteristics
- Facilitator or moderator leads the group
- Assistant moderator usually records responses
- This can be conducted in person or through teleconferencing if available

**Document review**

- This involves identification of written or electronic documents (reports, journals, etc.) containing information on issues to be explored
- Researchers review documents and identify relevant information
- They keep track of the information retrieved from documents

**Which data collection method should I use?**

A brief guideline is set out below and describes when to use different data collection methods.

**Which Data Collection Method to Use?**

**Use a surface-mail or faxed questionnaire survey when**

- The target population is large (for example, greater than 200)
- You require a large amount of categorical data
- You want or require quantitative data and statistical analyses
- You want to examine the responses of designated subgroups, such as male and female
- The target population is geographically dispersed
- You want to clarify your team's objectives by involving team members in a questionnaire-development exercise
- You have access to people who can process and analyse this type of data accurately

**Use an e-mail or web-page questionnaire when all of the above conditions are met and**

- You have the appropriate software and knowledge of this method
- Your respondents have the technological capabilities to receive, read and return the questionnaire
- Time is of the essence
- You want to provide the option of typing long answers to questions
- You want to reduce production and dissemination costs

**Use face-to-face interviews when**

- You need to incorporate the views of key people (key-informant interview)
- The target population is small (for example less than 50)
- Your information needs call for depth rather than breadth
- You have reason to believe that people will not return a questionnaire

**Use telephone interviews when**

- The target population is geographically dispersed
- Telephone interviews are feasible

**Use a teleconference interview when**

- That target population is geographically dispersed
- Teleconferencing equipment is in place

**Use group techniques when**

- You need rich description to understand client needs
- You believe that group synergy is necessary to uncover underlying feelings
- You have access to a skilled facilitator and data recorder
- You want to learn what the stakeholders want through the power of group observation (one-way mirror or video)

**Use document reviews when**

- The relevant documents exist and are accessible
- You need a historical perspective on the issue
- You are not familiar with the organisation's history
- You need hard data on selected elements of the organisation.



**Do these various methods have strengths and weaknesses?**

## **Strengths and Weaknesses of the Most Common Data Collection Methods:**

### **Surface-mail or faxed questionnaires**

- Is highly efficient for routine data collection with a large number of respondents
- Lends itself to quantitative analysis and the use of powerful descriptive and inferential statistics
- Records individual comments and perspectives in the respondent's own words
- Enables use of a large number of questions
- Is cost-efficient and timely
- In many parts of the world, people are familiar with this type of data collection.
- Requires extensive planning and prototyping of instrument
- People might not respond, because of "questionnaire fatigue" – leading to non response bias
- Permits no great depth in responses
- Response rate is typically low
- Misunderstanding of the questions is possible – leading to response bias
- Accurate wording requires a cultural and contextual understanding of respondents.

### **Electronic Questionnaires**

- Is quick to send, and erroneous addresses are caught within seconds
- Is quick and easy for the respondent to complete and return
- Is extremely cost-efficient if you have the technology
- Software enables you to control the visual presentation of web-page questionnaires and eliminates the need for data entry (not with e-mail questionnaires)
- Reminders, follow-up activities and acknowledgements are quick and easy
- If the person receiving the questionnaire is away, an associate who is reading the mail may inform you – so you are aware of why the questionnaire has not been answered
- Assumes people have access to and can use a computer and e-mail or the Internet
- You cannot control for the visual appearance of the e-mail questionnaires as received
- Not everyone regularly checks his or her e-mail
- E-mail questionnaires demand more from the respondent
- Technology intimidates some people; they will not use it but may request that a hard copy be faxed or mailed
- Because electronic questionnaires are new, you may have to duplicate your efforts and contact some people electronically; others, using hard copy
- Requires a person with the knowledge and skills to develop electronic questionnaires

### **Presentation**

- Allows for discussion

**Do I need a plan for the Organisational Assessment?**

It is essential that you plan your organisational assessment. Below is one example of a plan for organisational assessment based on a five day assessment period and the use of just some of the tools available within this pack.

**Draft Plan for Organisational Assessment**

**Day 1**

**Assessment Objective:** Win leadership support; clarify roles, agree methodology and schedule; define information needs

**Tool/Technique:** Interviews with key stakeholders

**Day 2**

**Assessment Objective:** Ensure staff ownership; Identify critical issues

**Tool/Technique:**         

         Visioning workshop

         SWOT Analysis based on open systems model

         STEEP Analysis

         Visioning Exercise

         Forcefield Analysis

**Day 3**

**Assessment Objective:** Gathering of preliminary information on roles, attitudes and needs

**Tool/Technique:** Self-assessment questionnaire derived from DOSA Questionnaire

With practice you will learn which tools work best for you and how to adapt others to suit your needs and style of thinking.

**How is information gathered through the assessment process collated and presented?**

The information collected needs to be sorted and presented so as to:

- summarise the key features of the organisation that has been assessed
- provide a framework that captures all the dimensions of analysis
- facilitates discussion and planning by the organisation and with stakeholders.

A possible framework is set out below but you should develop yours in response to the tools that you used for information collection. However, the framework below can be used as a checklist to see whether your selection and use of tools has produced a sufficiently comprehensive data set for meaningful planning.

**Structuring Information on Organisational Characteristics:  
A Framework for Analysis**

**Institutional Context**

- Economic background – growth etc
- Political/legal environment – stability, - legal framework of institution, - corruption, - extent of political interference in detailed operations
- Social – cohesiveness of society, - minorities issues
- Key external drivers for change
- Informal influences

**Strategy Analysis**

- Accountability and governance arrangements
- Official statements of goal and mission
- Actual priorities as indicated by budget allocations
- Is there a strategic planning process – what form? Were staff and other stakeholders involved?
- Form of high level decision-making
- Has the strategy been derived from an appraisal of the institutional environment – strengths, weaknesses, opportunities, threats? Current levels of service delivery?
- Are the goals and strategy generally understood inside and outside the institution/organisation?
- Is there a plan to achieve the changes necessary to meet goals? Is there a clear implementation plan and provision to adapt and review in light of circumstances?

**Inputs/Resource Review**

- Revenue: major sources; how stable are they? Is there a serious shortfall and is so why?
- Financial and capital assets
- Balance between personnel and operating costs
- Budgeting system – how effective?
- Does final expenditure bear any relation to the budget?
- Is there a link between expenditure and outputs?

**What kind of organisation change will be included in the development plan?**

It is impossible to say at the outset what kind of change will be necessary in order for the organisation to function more effectively. There may be a wide range of changes necessary or only a few. Such changes may be in the way the organisation carries out its strategic planning or its programme/project planning; there may be a need for change in operating systems – for example the way work is planned, supervision of work is undertaken, information is managed, training allocated or finance managed. There may be a need for structural intervention, perhaps involving a change in the number or role of staff or the devolution of authority. Whatever the change required, however, it will require careful planning, monitoring and management if it is to deliver a more effective organisation.