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## Next Practice NGO

A Study on the Organisational Capacity of Non-Governmental Organisations

Management Summary

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**Systemic Excellence Group**

Independent Think Tank for Leading Practice

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## Three Fields to Increase the Organisational Capacity of NGOs

Employees are complaining about work overload, inefficient processes and a bad internal communication. These observations in some NGOs were the starting point for the present study and lead to the question: is the capacity of their own organisation a blind spot for many NGOs?

The goal of the study was therefore to explore the current organisational development practice in NGOs. The focus was to find out how NGOs are preparing their organisation for the future and how they are developing their organisational capacity to be prepared for the future. Organisational capacity in this context refers to the capacity of internal structures and processes.

The Next Practice NGO-Study is a research project of the Systemic Excellence Group in cooperation with the Humboldt-Viadrina School of Governance. Next Practice describes the capability of an organisation to reflect on itself, to anticipate future trends and to decide upon their own next practices. The goal is to have a positive and sustainable impact according to their visions and goals.

31 national and international NGOs of different sizes and from different fields of action participated in the study. The study has an explorative character and is based on methods of qualitative social research. For the study, the CEO, a member of the board or the person responsible for the organisational development of each organisation was interviewed in two interview sessions.

The result of the study is a picture of the current status of the organisational practice in NGOs. It focuses on vision building, goal definition and strategic planning in NGOs. It includes a description of current practices of evaluation, organisational development, cooperation and personnel work. The study mirrors the self-description of the study participants. The emphasis is on the experience and expertise of the interview partners. The study does neither include recommendations of other experts in the field nor aims at developing new theories on organisational development in NGOs.

Altogether, the results of the study can be summarised in three hypotheses, which at the same time describe three development fields in which NGOs could largely increase their organisational capacity and impact.

**1. It is still a challenge for NGOs to measure their success. The chances that lie in the evaluation are not being seized to their full potential.**

Most participating NGOs have developed methods and instruments to measure their impact and to evaluate their projects. These were crucial for their professionalization. Nevertheless, evaluation is still a big challenge for NGOs. The definition of key success indicators is difficult and the environment in which NGOs act is too complex to define a clear cause-and-effect relationship. NGOs are not completely aware of the success and impact they are having.

Although there are extensive research initiatives on how to evaluate NGOs and their impact, no real breakthrough could be achieved on this field so far. Most of the interviewed NGOs do not continuously and systematically evaluate their projects or their organisation in order to have a clearer picture of the impact they are having. New models, methods and instruments are needed to allow NGOs to take the next step in their professionalization as organisations.

**2. Most NGOs have achieved high professional standards. The current potential lies in a (pro-)active and continuous development of their organisation, thereby being more conscious of the impact these measures have on their organisational culture.**

Almost all NGOs that were interviewed had developed their organisational capacity systematically and professionally. They have decentralised their organisations, implemented elaborated strategic planning processes and professionalised their decision making structures and processes.

However these change projects were initiated as a reaction to pressing situations. They were not started actively and therefore do not seize their full potential. A next step for NGOs now would be to start changes (pro-)actively, trying to anticipate the future and preparing their organisations to fulfil their visions and achieve their goals.

Furthermore, NGOs are not completely aware of the impact change projects can have on their organisational culture. A more conscious approach which takes the cultural dynamics and impact into account could not only reduce risks, but also open up new possibilities to create the desired future.

**3. Only through cooperation will NGOs be able to create the desired future in an active and sustainable way.**

Although NGOs have had good experiences in cooperating with other organisations, there are still resentments against cooperation. Other NGOs are perceived as competitors and the collaboration of NGOs with commercial for-profit organisations are seen in the third sector with distrust.

Yet, a “better world” will not be possible through isolation and in keeping a distanced attitude towards other parties involved. A better place will only be possible if NGOs and other stakeholders learn to overcome differences and polarities. They have to learn to work together beyond traditional organisational boundaries. There is no alternative to a determined and courageous collaboration with all stakeholders involved, be it the third sector, the for-profit economy, or the government.

In general, the study summarises the foci of attention of the interview partners into five chapters. Each chapter includes systemic-reflective hypotheses. The aim of the hypotheses is to open up options for a new path towards a further professionalization of NGOs.

### **1. Focus of attention: Vision, goals and strategic Planning in NGOs**

This chapter deals with the practice and importance of visions, goals and strategic planning in NGOs. Visions and goals build the basis or the frame for the organisational capacity of an organisation.

Reflecting hypotheses:

- \_\_\_ An NGO needs a crystal clear, realistic and desirable vision, which is filled with life through continuous success stories.
- \_\_\_ Clear goals orient the organisation towards its vision and solve the dilemma of feeling responsible for everything while having limited resources.
- \_\_\_ A successful strategic planning process involves all stakeholders thus having effective decision making structures at the same time.

### **2. Focus of attention: Evaluation**

Most NGOs have developed highly elaborated evaluation practices. These are mainly used to evaluate concrete projects or to measure the public's perception of the organisation. NGOs have also identified criteria to measure their success – its realisation has yet been hampered due to limited resources, unclear cause-and-effect interrelations and a high organisational complexity.

Reflecting hypotheses:

- \_\_\_ Besides measuring the success an evaluation must not forget to take into account the (personal) resources that are available to achieve the results.
- \_\_\_ Evaluation is a method to continuously develop the capacity of the organisation.

### **3. Focus of attention: Development of the organisational capacity**

Almost all participating NGOs have implemented OD (organisational development) projects to further develop their organisational capacity. The projects have been focusing on decentralisation, professionalization of decision making processes and the implementation of new management concepts.

Complex organisational structures in a highly diversified stakeholder landscape, a pronounced participatory culture, and employees sensible towards OD measures constitute the main organisational framework for OD projects in NGOs. Some factors that help to design and implement OD projects successfully were mentioned by some interview partners.

Reflecting hypotheses:

- \_\_\_ OD processes in NGOs are all but trivial undertakings.
- \_\_\_ Organisational changes can only be realised via context steering as there is no directive control possible.
- \_\_\_ The persons in charge for OD in NGOs have the necessary experience and expertise to successfully implement OD projects.
- \_\_\_ The knowledge often remains outside the organisational structures and processes of the organisations. It remains in the personal qualities of its members.
- \_\_\_ OD projects are initiated rather reactively: A (pro-)active approach to change would considerably broaden the impact of the change initiative.
- \_\_\_ NGOs are not enough aware of the cultural impact of their change initiatives.
- \_\_\_ Decentralisation calls for a clear definition and awareness of the role and responsibilities of each organisational entity within the organisation.
- \_\_\_ A decentralised organisation is strengthened and held together by a continuous communication on eye level.
- \_\_\_ The dynamics and complexity in which NGOs operate require innovation of the collective decision making processes in order to improve their efficiency while at the same time maintain the participation level.
- \_\_\_ New management concepts open up the chance to improve the organisational capacity for the well-being of all stakeholders.

#### 4. Focus of attention: Cooperation

Cooperation in NGOs resembles a double-edged sword: cooperation is perceived as an added value on the one side, but initiated and realised with caution and reservation on the other.

Reflecting hypotheses:

- \_\_\_ Extraordinary visions and goals go hand in hand with extraordinary measures: those who strive for higher goals and greater visions need to seek out cross-border collaboration.
- \_\_\_ A sustainable cooperation can be reached, if the involved partners find a common paradigm for the collaboration.

#### 5. Focus of attention: Human resources

The success of NGOs is often attributed to the high engagement of the employees. The big challenges in personnel work in NGOs are to keep the passion of its personnel and at the same time increase their professionalization.

Reflecting hypotheses:

- \_\_\_ NGOs can reduce costs, achieve higher professional standards and strengthen the networking between each other by nourishing their cooperation through em-

ployee-trainings.

- \_\_\_ Regular team development measures make teamwork more efficient, reduce the workload and keep the passion alive.

### **Closing: Next Practice NGO**

A concluding reflection on the process and the results of the study leads to the following hypotheses:

- \_\_\_ The organisational capacity is not a blind spot to NGOs.
- \_\_\_ Many NGOs develop their organisational capacity in a systematic way. They implement their OD projects very professionally.
- \_\_\_ Evaluation is still a big challenge to NGOs.
- \_\_\_ The high commitment and dedication of the employees is a matter of course in NGOs.
- \_\_\_ NGOs can only create the desired future in an effective and sustainable way through cooperation.
- \_\_\_ One of the next steps in the development of NGOs is to institutionalise their next practices.

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