Assessing Organizational Performance

Introduction

AfREA
29th – 30th November 2004
Welcome and Introduction

- Introduction of participants
- Name – your organization – and one thing that you would like to get out of this workshop
- Introduction of facilitators
Workshop Objectives

- Increase your understanding of the purpose and uses of the OA framework
- Help you to become familiar with a framework and process for OA
- Allow you to experiment with some of the tools of OA;
- Present cases of OA implementation in real life contexts;
- Share with you additional materials of interest.
Module 1
Why Organizational Assessment?
Development evaluation needs a broader focus

Growing recognition among development evaluators that –

- The range of what is evaluated is not adequate to learn about what works, what does not work in development.

- Most development evaluation is ‘supply’ driven – and not ‘demand’ driven from developing countries (OECD DAC Learning and Accountability conference, Paris)
Supply - but little demand

- Supply driven – donors require evaluation and accountability of aid recipients and their projects.
- There is little evaluation of the impacts of the policies of rich countries on the poor countries.
- In country demand and ownership of evaluation is weak and needs to be strengthened.
Learning beyond projects

- Project evaluation tells us little about how organizations function, what makes them successful, what makes them fail.
- Long term development depends on sound sustainable organizations and institutions to bring about long term changes.
- We need to learn more about what good organizational performance is in order to support it.
Long term sustainable development

- Therefore we should assess and evaluate organizational performance as well as projects and programmes.
The project dilemma

- Project results or outputs are often the focus of what is measured or assessed.
- But - project evaluations often reveal major organizational issues beyond the deliverables of a project – such as management, leadership, systems, etc.
- These are seldom part of the TOR of project evaluations – yet a major cause of project failure.
Building projects, building organizations

- Building organizations requires more than delivering projects
- Project are a means to an organizational end goal / fulfilling a mission
- Project are not an adequate model for organizational change
- But – projects do provide important funding base for most organizations
- Need to balance expectations
Whose performance?

Building organizations….

- Creating a focus on the organization
- The project in the learning organization
- From project evaluation to organizational assessment -
- What it is and how to get there?
Module 2
The Organizational Assessment (OA) Framework
History – Where does OA come from?

- Management
- Economics
- Private sector
- Throughout the years the unit of analysis has changed
- Also, the rationale for conducting assessments has evolved
Organizational Assessment

- Is a systematic approach to assess an organization with a view to improving its performance
- It can be comprehensive or more focused
- It can be driven externally or conducted through a self-assessment approach
- Size, scope and approaches of the exercise vary – and opportunities for application vary
Challenges in linking organisational performance and project implementation

- Many issues in project implementation are of organizational nature
- Sustainable changes in an organization's performance should be a major project outcome!
- Projects need to be understood as organizational interventions or change management activities
- Projects need to be managed in a way that integrates them inside the organization
Why the concern in organizations

- Difficulties in implementing projects because of limited capacities
- Project performance is not enough to ensure sustainable development
- Focus on projects/programs only could detract an organizations from its mission/mandate and hinder performance
- In the long term it is about creating conditions to sustain and improve performance
The driving factors

- Projects investments are made inside organizations – these organizations often need to be strengthened to manage the project
- Tracking performance through results-based approaches
- Increased importance on sustainable local capacity
- Increased focus on ownership of projects
- Need to establish stronger partnerships
The rationale for conducting OA

- Organizations are more than the sums of the parts (culture, vision, mission, commitment to a cause) these elements require attention
- Establishing common language
- Focusing on organizational and unit results not only on programme and project results
- Identifying what could lead to improved performance
- Developing data driven dialog and learning about what supports or hinders performance
When should an OA be done?

- When the organization is experiencing a major change of direction
- As part of a vision renewal exercise
- As part of strategic planning or assessment initiative
- To support the effective implementation to a Government Reform
- In order to assess potential investments in an organization
The OA diagnosis

- Assessing the readiness (culture, leadership, resources, vision and strategy, systems, people)
- Conducting the OA (defining purpose and key questions, collecting, analyzing data, reporting, using results)
- Defining what actions/resources are required to make organizational changes that will improve performance
OA Framework

**Motivation**
- History
- Mission
- Culture
- Incentives
- Rewards

**Environment**
- Political
- Economic
- Technological
- Administrative
- Social/cultural
- Stakeholder

**Performance**
- Effectiveness
- Efficiency
- Relevance
- Financial viability

**Capacity**
- Structure
- Leadership
- Financial
- Technology
- Infrastructure
- Human resources
- Program/services
- Linkages
Performance

- Effectiveness
- Efficiency
- Relevance
- Financial Viability
Organizational Effectiveness

- Organizations are effective when they successfully meet their purpose, which is often described in the following documents:
  - Mandate
  - Goals
  - Charter
  - Mission
  - Strategic Objectives
What is an Efficient Organization?

- Maximize the use of its resources to reach its purpose
- Indicators such as output per staff, program completion, ratio of overhead/program costs, timeliness of service delivery
A Relevant Organization

An organization that…

• Satisfies stakeholder ongoing requirements for quality/quantity of goods and services

• Is relevant to its main stakeholders – user, non-user, client, non-client, customer, citizen, consumer, funder, investor, union, government, employee

• Can respond to emerging competition, trends, technologies, other external forces

• Can create/exploit new markets or revenue sources

• Is able to renew itself
Financial Viability

- The ability of an organization to generate and manage adequately its resources in order to ensure its ongoing existence.
FACTORS THAT AFFECT PERFORMANCE
Motivation

- History
- Mission
- Culture
- Incentives/Rewards
- Pg 57 Toolbox
Capacity

- Strategic leadership
- Structure
- Human resources
- Financial resources
- Infrastructure
- Program & service management
- Process management
- Inter-organizational linkages
- Pg 61 Tookbox
External Environment

- Institutional & organizational
- Administrative/legal
- Political
- Social/cultural
- Technological
- Economic
- Stakeholder
- Pg 52 & 124 Toolbox
Exercise 1: Thinking about Performance

The first column describes the different areas of performance that were presented. In the second column, fill in the 2 or 3 most important issues that are of concern to your organization for each of the areas of performance.

<table>
<thead>
<tr>
<th>Areas of Performance</th>
<th>Issues of Concern to your Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Effectiveness</strong></td>
<td>is the ability of an organization to successfully meet its objectives, purpose</td>
</tr>
<tr>
<td><strong>Efficiency</strong></td>
<td>is the ability of an organization to maximize the use of its resources to reach its purpose</td>
</tr>
<tr>
<td><strong>Relevance</strong></td>
<td>is the ability of an organization to satisfy stakeholder requirements, to respond to external forces and to renew itself</td>
</tr>
<tr>
<td><strong>Financial Viability</strong></td>
<td>is the ability of an organization to generate and manage adequately its resources in order to ensure its ongoing existence</td>
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Among the performance areas identified, list four that you feel are priorities.

<table>
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</tbody>
</table>
Exercise 2: Brainstorming Key Factors

1. Write down the Key Aspects of your Performance identified in Exercise 1 in the middle circle.

2. Based on the presentation made on External Environment, Motivation & Capacities, identify the most important factors of each aspect that affects your organization’s performance.

3. On a flipchart identify:
   - Key Performance Areas to be improved
   - Actions to be taken to strengthen your organization

4. Plenary
Module 3
Readiness to engage in an OA process
Brainstorming…

- Think about the experience of your organization in addressing its performance issues
- What factors have limited you or your organization’s ability to address its performance issues?
- What factors have helped your organization address its performance issues?
Factors that will affect the OA process

- Support from senior leaders
- Clarity of the purpose, trust to engage
- Existence of a framework to guide the process
- A skilled individual to conduct the assessment, clear TORs, good tools
- Existence and reliability of data
- Culture (country and organization)
What to do when factors hinder the OA process

- Communicate about the process (before, during, after)
- Use change management techniques to help stakeholders express their concerns
- Be transparent about purpose and expectations
- Identify limitations and adjust the scope of the OA to these limitations – Be creative
- Demonstrate use of results
- Determine when it is worth continuing or stopping
How ready is your organization?

- Read pages 5 and 89 of the Toolbox book
- The moderator will facilitate a group discussion on the following theme:
  - To what extent is your organization ready to start an OA process? Why? What strategies could you put in place to increase the readiness of your organization?
Review of Day One

- Rationale for organizational assessment:
  - Organizations are more than projects
  - Understanding the role that projects play in achieving the Mission
  - Complimenting the focus on ‘results’
  - Performance is about ‘us’ not just ‘them’
  - Building learning organizations
Approach

- Adapted from management, economic approaches to performance measurement
- Framework to help organize issues
- Systematic, not anecdotal
- Common language
- Comprehensive or scaled down
- Strategic planning, evaluation (summative and formative)
Major steps
1. Assessing readiness – culture, leadership, resources, vision, strategy, systems, people
2. Conducting the OA – defining purpose, key questions, collecting, analyzing data, reporting, using results
3. Defining actions required to make organizational changes
• Framework
• Performance – in organizational terms –
  • Effectiveness, Efficiency, Relevance, Financial Viability, other criteria Impact, Sustainability, Equity
• Factors that affect organizational performance
  • Motivation
  • Capacity
  • External Environment
Exercise 2: Brainstorming Key Factors

1. Write down the Key Aspects of your Performance identified in Exercise 1 in the middle circle

2. Based on the presentation made on External Environment, Motivation & Capacities, identify the most important factors of each aspect that affects your organization’s performance

3. On a flipchart identify:
   - Factors that you would explore to address the issues – and the rationale for including them in the diagnosis stage

4. Plenary
Module 4
Experiences in Implementing Organizational Assessments
Using OA for Internal Peer Review

The Case of IUCN – The World Conservation Union
Context for the OA

- IUCN – The World Conservation Union
- A decentralized, regionalized, not for profit organization – 9 regions, 62 offices, 1000 staff members.
- Membership-based organization with over 900 NGO and state government member organizations throughout the world.
- Headquarters – Switzerland
Purpose and use of OA

- Internal Strategic Reviews of large regional or country offices and their programmes (8 in total)
- Triggered by senior management questions – e.g., relevance, strategic vision, financial viability
- OA framework used as a diagnostic framework
- Help put the issues in a broader framework for the assessment of organizational performance
Approach and scope

- Internal reviews – using senior peers and some consultant support
- Capacity building a major objective
- Focus – strategic - regional office level – multiple countries, members, implementing partners (e.g., West Africa, Southern Africa, CIS, European Office)
- 4 – 6 week process
- Modest budget of CHF 30,000 – 50,000 plus staff time (2 people – 4 weeks)
Stakeholders

- IUCN staff of the regional and country offices - professional and support staff
- Senior programme staff from HQ and other regions
- Member organizations in the region – often up to 300 organizations
- Implementing partners – NGOs, community organizations, governments
- Donor agencies
Tools used

- Situation analysis – issues and trends in external environment – data based – HDI, Wellbeing of Nations, UNEP GEO
- Review of evaluation reports, work plans, budgets
- Staff self assessment questionnaires
- Staff focus groups
- Member, partner and donor questionnaires – their perceptions of the relevance, effectiveness, efficiency and impact of IUCN
- Selective interviews
- Follow-up interviews on use of results – one year later
Issues

- Peer review – reality of taking peers away from ongoing business – good idea but difficult to do if no backup
- Time - is a problem more than resources
- Skills – coaching required for senior peers in review techniques
- Dealing with Human resources issues - inappropriate use of OA process to deal with HR issues of leadership and management
Lessons

- Framework helps to build and to organize issues related to organizational performance
- OA helps to address the question: Are we greater than the sum of the parts?
- Stimulates debate about what is good or poor performance at organizational level
- Helps to focus on ‘us’ – not ‘them’
Lessons

- Often an ‘inside’ and ‘outside’ perception of performance – that we are not aware of
- Data collection needs support to get high returns – but worth the effort
- Follow-up on use helps implementation
- OA is not a substitute for staff performance appraisal or financial audit
Module 5
Designing and Using OA in your organization
### Developing an OA matrix

<table>
<thead>
<tr>
<th>Major Issue</th>
<th>Key Q</th>
<th>Sub-Q</th>
<th>Indicators</th>
<th>Data Sources</th>
<th>Data collection methods</th>
</tr>
</thead>
</table>

#### Questions to guide data collection:
- **Descriptive:** Require descriptive information to resolve to improve its performance.
- **Normative:** Require a comparison between observed outcome & expected level of performance.
- **Impact:** Require analysis of whether observed conditions/events can be attributed to the prog.

#### Indicators: A measuring device that allows you to clarify & measure a concept. Can assist with clarifying what it is you really want to know.
Data Sources

1. **Documents:**
   - Internal: Financial statements, annual reports, planning documents etc
   - External: Country policies, legislation, media, donors reports etc

2. **People:** Selection is crucial and must take into account time constraints; political sensitivity; people’s availability & geographical location – the Stakeholder Assessment is a good reference point
Data Collection Tools

- Situation Analysis
- Review of reports
- Semi structured questionnaires
  - All stakeholders groups
- Semi structured interviews
- Focus groups
- Observation
- Pages 25-30
Data Collection Strategy

Dependent on:

- Type of information you are seeking;
- Resources available to collect data
- Values & attitudes inside & outside your organisation
Exercise 1

Individually, read pages 17-24 of the Toolbox

In groups -

- Identify possible uses of OA in your organization
- Choose two performance areas of interest to all the group (relevance, effectiveness, etc)
- Identify the issues, key questions, subquestions, indicators for these two major performance areas
Exercise 1 (continued)

- Designate a spokesperson for your group to report in the plenary on the following items:
  - Purpose and use of OA in your group
  - Performance areas and performance issues of concern
  - Summary of questions, subquestions and indicators
  - Comments on using the Matrix – usefulness; difficulties etc
- Plenary discussion
Exercise 2: Towards an Action Plan

- Identify ways in which you could use OA (assessment, strategic planning, visioning exercise) to improve the performance of your organization
- Identify three concrete actions that you will hope to take, upon your return from this workshop, to put your new learning into action
- Be prepared to share these actions in plenary
Additional Materials

- Interesting web sites on organizational assessment