# Program Management Framework for Nonprofit Organizations

**Nilesh Patankar, PMP**
SSP India Pvt. Ltd.

# Contents

## 1.1 Abstract

Nonprofit organizations are characterized by an essentialist concept based on values, ethos, ends and content of an organization's behavior. Such organizations, though not lacking in will, are yet to fully espouse the concepts of program management. On the other hand program management practices are instilled in engineering and construction industry. They are meant to provide execution certainty by putting in place the required operational, strategic and support frameworks. Execution certainty would be desirable for the nonprofit organizations but their essentialism does not necessitate the same. It is not a generic observation but the lack of program management framework is more evident in small scale nonprofit organizations based on voluntary spirit. Apart from the essentialist concept, there are other gating factors which prohibit small scale nonprofit organizations from adopting program management practices like funding, resources, expertise and time to deploy and institutionalize.

This paper aims to present a program management approach viable for nonprofit organizations. While there may be many tools and techniques for successful program management but the focus here is to review and suggest a framework suitable for adoption within a small scale nonprofit organization keeping in mind the aforementioned gating factors.

## 1.2 Keywords

Nonprofit organizations, program management, balanced scorecard, cloud computing

## 1.3 Introduction

Nonprofit organizations are essentially a group of committed individuals that fervently pursue a cause that the group subscribes to. This essentialist concept dictates coming together of people, who are dedicated to the mission of such an organization. These are the people who are extremely focused towards their mission and hence may, or may not, be trained for other organizational aspects like the necessary economic and management endeavors. In an ideal scenario we would expect these social activists to single mindedly work towards their common mission instead of concentrating on fund raising activities, measurement and tracking of program execution metrics, delivering high volume of efficient and measurable services and reporting measurable business results.

With the rise of the concept of social entrepreneurs focus has shifted towards implementing such private sector strategies for social sector success.

While there are various business-like aspects that the social sector could espouse, the principal goal of this article is to present suitable system tools that can be adopted by the nonprofit organizations for program management. It is a prescriptive article which presents an exploratory study aimed at nonprofits that mostly function on the basis of the voluntary spirit.

## 1.4 Nonprofits based on voluntary model

These are typically grassroots associations which are small in size and are solely dependent on participation and membership. People working with voluntary spirit nonprofits are, mostly, not individualistic and rational economic actors. Instead they are inspired by a common goal and are public spirited. They are driven by solidary benefits that flow from participation, membership and support. Participative associations inherently imply, their members are not necessarily recruited, which is to say that they are rarely assessed or trained on the organizational and governance processes like employees of for-profit businesses. These people come together drawn by the cause and motivated by the tacit promise of self and mutual empowerment.

Unlike a hierarchically arranged staff with a top-down organizational approach of for-profit businesses, voluntary spirited nonprofits have no formal structure and follow a bottom-up approach. This means participation and collaboration of people dedicated to common cause. The members constitute the organization through their interaction and they are the ones who set informal rules that may change as the constituents of the organization vary.

They regard service beneficiaries, as citizens instead of customers. They are not motivated by achievement of service delivery targets. They thrive in pursuit of addressing the needs of every individual who is a potential service recipient. Focus towards economic endeavors might be seen as a dilution of their mission and hence activities like, fund raisings, are probably perceived as a necessary constraint. The voluntary participation ensures that the people involved are surely knowledgeable and passionate about the mission but they may completely lack any focus towards learning and development of ancillary skills required for better planning and monitoring of their core tasks. They pick up a mutated form of governance which may be based on learn as you go and therefore not repeatable or measurable, which are the basis of the growth of such much needed organizations.

In wake of the aforementioned characteristics, performance evaluation of voluntary spirited nonprofits cannot be done using for-profit yardstick. Historically for-profit businesses have been evaluated based on various measures derived from financial data. In the 1990s, a group of researchers and consultants from the Nolan Norton Institute, the research arm of the accounting firm KPMG, began to study commonly used organizational performance measures. Their hypothesis was that organizations were being hindered by these measurement practices because the focus was too narrow. The financial analysis was post-facto. Neither did it provide any measures to evaluate future performance nor did it lend itself for strategic planning. After working with number of ideas the researchers suggested that companies ought to balance the way they assess their organization by looking at more than simply financial performance.

Thus the conceptual framework of the Balanced Scorecard was introduced by Kaplan and Norton (1992, 1993, 1996) for the purpose of designating, evaluating and measuring factors that drive an organization's performance. They considered the financial measures as lag indicators that reflect the outcomes of the past actions. The balanced scorecard paradigm retains the measures of financial performance and supplements these measures with factors that drive future performance, the lead indicators.

Balanced scorecard can be used effectively for evaluating the performance of nonprofit organizations. This evaluation is not solely based on financial performance hence it provides a better analysis since financial performance is definitely not their mission.

## 1.5 Balanced scorecard

Balanced scorecard can be effectively utilized by both the for-profit and nonprofit organizations. In case of nonprofit organizations the performance evaluation is not characterized by financial perspective unlike the for-profit ones. Hence the mission of the nonprofit organization should be the guiding principle behind the balanced scorecard while developing and implementing strategy based on the four perspectives presented through balanced scorecard. Balanced scorecards tie the performance measures closely to an organization's strategic plan. See *figure 1*.

The success of balanced scorecard implementation lies in understanding the four perspectives and modifying them to fit an organization. This has to be followed by defining the relevant measures and collecting relevant data. The assessment program should then build the metrics around the defined measures.

The defined balanced scorecard must be percolated down to each member of the organization. The achievement of the targeted outcome will only be possible if each member is able to understand and define individual actions in line with the balanced scorecard.

The four perspectives suitable for nonprofits would be:

Financial perspective - This would include the fundraising strategies, investment strategies, alternative funding sources and costs of fundraising. It should also include resource allocation and spending plan created in order to support the organization's programs.

Customer perspective - The customer in case of nonprofit organization would be both the donors as well as the service recipient. Donors are the people who contribute with funds, labor and advice to support the nonprofits. Their satisfaction is crucial to keep the operation running. Most nonprofits deliver some kind of product or service. The personal satisfaction of the recipient may not be the most important measure but the level of interaction and efficacy of the delivered service will be.

Operational perspective - This would include the efficiency of internal processes. Most of the nonprofits work with no margin for error. A poor performance efficiency can lead to cutbacks in staffing or programs hence it is a critical management issue for nonprofits.

Learning perspective - This would include developing its members. Members form the core of nonprofits hence creating a prepared, motivated and satisfied workforce would be of utmost importance. The average length of employment, value based training hours and the budget for employee recognition programs would be the important measures.
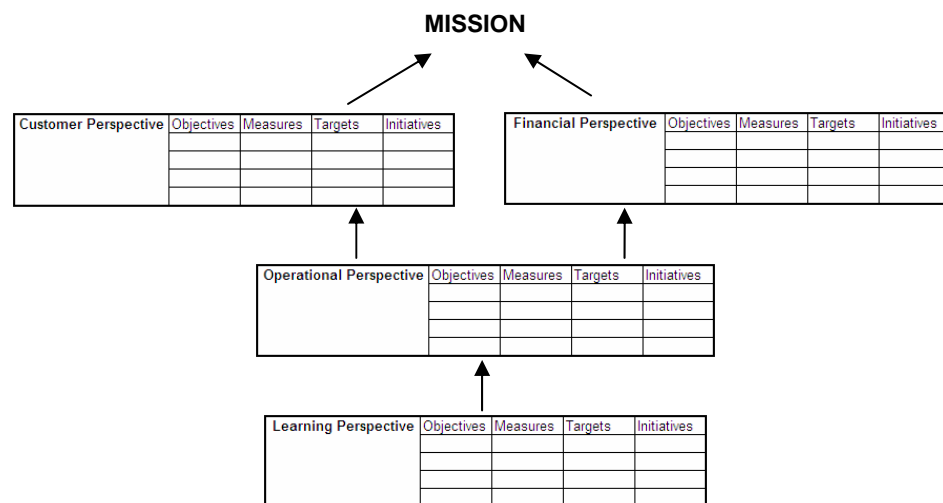
**Figure 1**: Balanced scorecard

# 1.6 Relevant Program Management Aspects

According to Project Management Institute (PMI), *The Standard for Program Management, 2nd Ed.*, "A Program is a group of related projects managed in a coordinated manner to obtain benefits and control NOT available from managing them individually. Programs may include elements of related work outside of the scope of the discreet projects in the program... Some projects within a program can deliver useful incremental benefits to the organization before the program itself has completed."

Programs are usually a group of multiple change projects, projects that are designed to deliver benefits to the host organization. There are various key factors at the core of program management. Some of the key factors are already engrained within the ethos of nonprofits like *alignment*, since the voluntary spirited nonprofits are a result of membership and participation of individuals aligned to a cause. There are some other key factors that are not relevant within the context of nonprofits like *evaluation* since most of the programs being undertaken are guided by a well defined mission. Hence the relevant key factors include:

- Governance - Balanced scorecard would be at the core of governance. It would provide the set of metrics to evaluate the progress and performance.

- Alignment - This would come naturally due to the inherent nature of the nonprofits.

- Management - Regular reviews of the objectives within the four balanced scorecard perspectives need to be ensured. Operational perspective metrics would be the management focus.

- Finances - Budget allocation and cost tracking of the service delivery.

- Infrastructure - Allocation of resources influences the cost and success of nonprofits. Infrastructure will also cover offices and IT systems.

- Planning - Develop the plan bringing together information on projects, resources, timescales and monitor and control the related metrics.

Systems have to be put in place to implement these key factors. The systems should be such that the focus of the core group is not diluted in any manner. Thus ease of deployment and use would be of highest importance. Moreover the nonprofits are constrained by funding and diversion of funds to anything other than the mission would not be desirable hence the systems need to have low cost of ownership.

# 1.7 Cloud computing

Cloud computing is internet based computing. Shared resources, software and information are provided to the client computers or other devices on demand. Cloud computing would be an ideal choice for nonprofits due to the low cost of ownership, ease of deployment and use. There are various vendors providing solutions based on cloud computing. Google Apps is one such cloud offering from Google.

Google Apps costs $50 per user per year. Google Apps has special offer for US non-profits, 40% discount. Furthermore, registered US non-profit organizations with less than 3000 users qualify for Google Apps education edition, which provides access to Google's premium product and support offerings for FREE.

## *Google Apps comprises of:*

**Gmail** - is web-based email. It functions in cloud so there is no need to download messages and the inbox will appear same from any web or mobile connection.

*Google Docs* - is a web-based suite for word processing, presentation, spreadsheets and web forms. All the work is done in web browser and data is stored in the cloud.

**Calendar** - provides an efficient and intuitive way to keep appointments and events synced across your entire organization.

*Google Sites* - is a drag-and-drop web development tool that can be used within an organization to create online information hubs. The websites that are created exist within the Google Apps domain and can be public or private. The websites can act as an efficient mechanism to deliver information about services provided to non-members. The site can not only provide the information about services but also the information about how to avail those services along with any forms needed by the service beneficiary. The nonprofit could use its site to realize efficiencies in outreach to members and supporters thus using it essentially as a marketing and fundraising tool.

**Google Groups** - are public forums where users across the web gather to discuss specific interests. These forums can serve as a platform for interactive communication and debate between and among nonmember beneficiaries, members, and supporters and volunteers.

*Google Apps Marketplace* - allows developers of other business web applications to integrate their offerings with Google and sell software directly to Google Apps users. Here are some of the tools that would facilitate the implementation of aforementioned program management key factors:

*ManyMoon* is a team collaboration application for Google Apps. It can be used for project planning, time tracking, micro-blogging and reporting. Micro-blogging can be a powerful mechanism for spreading awareness. There are other micro-blogging tools like Twitter that can benefit the voluntary spirited nonprofits.

*SurveyMonkey* is a popular web-based survey solution through Google Apps environment. It can be used to quickly and easily gather the insights needed for nonprofits to better their service delivery or even increase membership base.

*Syncplicity* is a unique Google Apps synchronization tool. The users have the choice to create and edit their files in desktop applications and then open that same file in Google Docs seamlessly. Users can sync, share, backup and manage all their file types.

*MailChimp* makes it easy to send email newsletters to members and service recipients, manage donor lists, and track campaign performance.

Here are a few areas nonprofits can benefit from going Google:

- Lower total cost of ownership - Google Apps only costs $50 per user per year. That's less than what is spent on morning coffee.

- Access anytime, anywhere - All the artifacts can be accessed over internet, independent of the platform and device of choice.

- Bigger inboxes, less clutter - Gmail inboxes are 50 times the industry standard. Plus, that space will be organized into conversation threads, reducing number of inbox lines.

- Less spam, higher productivity - Gmail saves time by filtering out spam and protecting from viruses.

- No more version control - With Google Apps, there's single online copy of each document, so everyone knows that they're working on the latest version.

- Integrated email, IM, and video chat - Along with saving money on the phone bill, Gmail's built in IM, voice, and video chat make collaboration and communication more efficient.

- Automatic updates - With Google Apps, updates and security patches are automatically installed.

- 99.9% uptime reliability.

- Data security - With Google Apps all data is stored online so there is no question of data loss due to theft.

- Continuous updates and new features - Google has automatic updates so newest features are instantly available.

## 1.8 Conclusion

Nonprofits based on voluntary spirit are important actors within any democracy. Their participative model based on interaction and debate holds huge value in furthering of various chosen missions. By adopting the prescribed program management aspects their efficacy can be increased manifold. Balanced scorecard can form the core of the governance model and lead to focused strategies while adoption of cloud computing based offerings would ensure low cost of ownership. The ubiquitous availability, ease of deployment and use will ensure that their members do not have to dilute their core competency by focusing on acquisition of special skills.

The wide spectrum of applications available will increase the efficiency of various necessary activities like fund raising, community outreach, collaboration and communication. The end result would be business-like service delivery and certainty of achieving defined outcomes. Adopting internet would also add to existing channels of fostering participation and result in increased membership by reaching out to wider audience.

## 1.9 References

1. Lori A. Brainard and Patricia D. Siplon, "Toward Nonprofit Organization Reform in the Voluntary Spirit: Lessons from the Internet", Nonprofit and Voluntary Sector Quarterly 2004; 33: 435, Sage Publications.

2. Raymond Dart, "Being Business-Like in a Nonprofit Organization: A Grounded and Inductive Typology", Nonprofit and Voluntary Sector Quarterly 2004; 33; 290, Sage Publications.

3. Joel Zimmerman, "Using a Balanced Scorecard in a Nonprofit Organization", Paper maintained by Nonprofit Learning Center.

4. Michael Martello, John G. Watson and Michael J. Fischer, "Implementing A Balanced Scorecard In A Not-For-Profit Organization", Journal of Business & Economics Research, September 2008.

5. *Wikipedia*

## 1.10 About the Author

**Nilesh Patankar**, PMP has over 14 years of industry experience. He has worked for consulting firms (Accenture, Sapient) and captives (GE Capital, SSP) in past. He was also a co-founder and CTO of a start-up company. He is currently heading a vertical for a UK based MNC's captive product development centre. This company is a leading provider of software products for Insurance and Broking companies in UK and Europe. He has managed and grown this centre by successfully off-shoring different product lines.

Nilesh's core skills include program management and process excellence. He has been part of process articulation team for CMMi appraisals. He has also been involved in initiatives directed towards SOX compliance. He has been instrumental in setting up the global delivery framework, based on Microsoft EPM platform, for his current organization. He is now working towards getting his current organization appraised at CMMi level 3.

E-mail: nilesh.patankar@gmail.com