

Business change in charities

Over recent decades, information and communications technologies have significantly altered the ways in which charities can undertake their business and communicate with supporters, beneficiaries and others. They will continue to do so into the future.

Mechanisation

Initially, existing work processes were simply mechanised with clerical assistants being replaced by large cabinets, into which punch cards were fed and which printed out receipts for donations, etc. Other than displacing specific human tasks, work was essentially undertaken in much the same way as it had been for decades before.

Databases

As the storage capacity of these computers increased, it was realised that certain data could be permanently held in them, like supporters' names and addresses, so they did not need to be repeatedly re-entered. Further, a single occurrence of such data could be held and used for multiple purposes.

Communications

It was then realised that such data could be used simultaneously across different parts of the organisation, e.g. acknowledging payments received and advising supporters of campaigns. Data came to be viewed as a corporate resource, accessible by authorised users, from anywhere in the organisation, courtesy of the new communications facilities.

Management information

This data could also be used to provide management information, which had not been available before, for better decision making. This led to the realisation that certain human activities were now redundant, e.g. performing reconciliations, as they happened at the same time as data are entered or changed. Hence business process re-engineering resulted in workflows being altered and human involvement being reduced.

Generic business software

Large, commercially available packages were acquired to reduce programming effort needed. The business had to change to align

with the generic software, if IT implementation costs were to be minimised.

Typically such business change costs did not appear in the business cases for adopting these packages. The focus was on reducing IT costs by buying, rather than making and maintaining, such software. However, many of these business changes turned out to be very expensive and time consuming and they rarely went smoothly as they were afterthoughts rather than part of the original plan.

Business change

In reality, the business change costs were often many times the technology costs but no prior budgetary provision was made for them and resources needed were not specifically allocated to the task. They could not be spared from their normal duties assisting beneficiaries.

The technologists could make the technology do virtually anything, at a cost, but what should the new ways of working be and how would people need to change to use it to best effect? In reality, these were all line management issues that sat outside of the IT Department. No longer could IT be done to people. From this point forward, people have to change their own behaviour. There is little more technology can achieve without people changing.

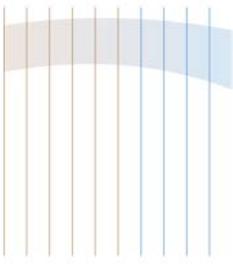
Changing behaviours

Two key problems arise. One is redesigning new workflows and checking out that they achieve what is expected of them. The more significant part of the transformation is changing the ways in which people work.

Current working patterns and the ways in which people interact with their colleagues have been built up over many years, often decades. Many people have been doing the same job for years and could do so running, for most of the working day, on auto-pilot expending very little mental energy.

If business operations are to be maintained, it is just not possible to change this heritage with a day's training course. Old ways of working have to be unlearned and new jobs mastered. This takes months and years. How long did it





take you to become proficient in the work you now do, starting from scratch or after joining from another enterprise which did the same things but differently?

Data cleaning

The transformation work was not just limited to people. Often when two or more sets of data were brought together, a large number of potential duplications and errors became apparent. Data cleaning was a significant task. So that valuable data has not been lost, many generic systems are still running, with a constellation of remnants of old bespoke systems surrounding them.

Internet

The advent of the internet (which gave supporters, suppliers and others visibility of enterprise IT systems) exposed other operational issues like availability, performance and security. Again, internal workflows needed to be changed as supporters could make donations on-line and wanted to know, there and then, that their payment had been received correctly.

Digital

Social media, the cloud, smartphones and mobile apps are likely to see even greater inclusion of supporters, suppliers and others into the electronic ecosystems of enterprises. Many of these will result in further changes to internal operations. Such applications could also see a burgeoning of the quantity of data held and present new challenges in extracting useful information from it.

Looking forward

The main focus is now not so much on what the technology can do, but more on how best to change the behaviours of people to make best use of it to create value for beneficiaries.

Increasingly, we are likely to see the preferences of people outside and inside charities causing charities to have to change to adopt new technologies.

Investment implications

Change is expensive to bring about, needs considerable management attention (often on a

one-to-one basis), hard decisions on who stays and who goes and continuous focus on ensuring new practices are sustained without relapses into old working methods. This is often the most expensive part of any business transformation yet is typically understated, or even ignored, in business cases. People (and their cost) have to be freed up to do it. That can add yet further “costs” in lost supporters and errors while the changes are taking place.

The above does not just apply to investments in business change involving IT. It applies to all investments in business change and where they cross business functions, it is vital that the Executive is very closely involved. It must not be left to the managers in affected departments who do not have the necessary span of control to obtain the maximum value from such changes and, indeed, might have vested interests in protecting their own areas.

This is one of a series of papers on Grosvenor’s Value Management. Others cover:

- vision,
- investments,
- capabilities,
- benefits and
- value.

For further information or a conversation on Value Management please contact:

Chris Tiernan on +44(0)7831 664 281 or c.tiernan@grosvenorconsultancy.com

Carolyn Jacks on +44(0)7775 811 502 or c.jacks@grosvenorconsultancy.com

Grosvenor Consultancy Services LLP
Thames House
5 Church Street
Twickenham
Middlesex
TW1 3NJ
United Kingdom
Telephone: + 44 (0)20 8891 6767
Fax: +44 (0)20 8891 1177
www.grosvenorconsultancy.com

