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What is your vision for the future of your charity?

How are you going to get your charity to where you want it to be?

To determine this, the following questions clearly need to be answered: What will be its main purpose and sources of income? Who will benefit from its activities and how will it interact with them? What will the charity undertake itself and for what will it engage with partners and suppliers? What new facilities will it need, e.g. modified and/or additional premises and digital capabilities? How will it grow to provide more and better services to beneficiaries? Of course, due to the complexity of enterprises, all of these questions are interrelated.

Growth means increasing income but from whom will it come? That requires informing donors and grant givers about the work of the charity and what it achieves. That requires staff, management, suppliers and partners. All of these have to be kept in step, for example, to avoid increasing the cost of services to supporters by more than the additional income generated by the improvements.

Vision

Whether or not intentionally, many enterprises create vision statements which are extremely vague. Take the following which is on the website of a major charity associated with a certain medical condition (here called XYZ):

- Demonstrate the way in XYZ care and support (service quality)
- Become the foremost point of contact for information on XYZ (service reach)
- Lead partnerships and investments in research to improve care, advance prevention and move closer to a cure
- Campaign for people affected by XYZ to be able to live the way they want.

This statement provides no indication of whether the charity plans to grow in line with the numbers of those affected by XYZ. There are no objective criteria against which to assess these ambitions. The enterprise seems to be setting off on a journey with no particular destination, rather than identifying a destination, e.g. a cure for XYZ, and striving to get there. This is in contrast to many overseas aid charities which make the bold statement: "to eradicate poverty".

Value creation

All successful charities create value for their beneficiaries every day. And every day supporters can take up other causes and competition can erode the funds available to create that value. So effort needs to be expended continuously to sustain that value and further effort is needed to increase it. That requires co-ordinated changes taking place across the enterprise. All such change needs internal investments and is accompanied by risks.

Whose money are we spending?

Although given by supporters, the finances needed to fund these internal investments belong to the beneficiaries who will be expecting greater returns in the future from what would otherwise have been available for their cause in the near term. Against the vague vision statement above, what reasonable expectations might beneficiaries have about the way their money is being used and, indeed, among the supporters that the money which they have provided is being used in the best interests of the beneficiaries?

Success criteria

Interestingly, practically all of the objectives mentioned in the above vision statement could have criteria assigned to them with targets set out over time. To be fair, the charity has much more detailed material on its website but that is just as vague with profuse use of words like: robust, extended, widespread, improved and high quality. The success criteria could be more precisely defined so that it would be much easier for management and all involved to identify what needs to be done to achieve them. Those tasks could then be aggregated into projects for those parts of the enterprise which would need to change and they could then be gathered into programmes of work which link to improving services to beneficiaries and those who care for them.

Contribution to value & strategy

This then provides an opportunity, having estimated costs and assessed benefits and risks, to determine how each programme contributes to achieving the enterprise's strategy.

Prioritisation for resources could then take place for those programmes which have exceeded some minimum criteria, e.g. double the quantity of services will be provided in two years' time from making the investment than would have

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been provided had the investment not been made. Clearly, investment here could be money or it could be the time of people, like volunteers.

The most attractive programmes could then be selected for funding, subject to the total financial and human resources available. Crucially, many enterprises get this far and then board involvement tails off. It is like lighting the blue touch paper, withdrawing and then waiting for the rocket to land - anywhere. So what should happen next?

Investment reviews
Just as with external investments, all significant internal investments need regular board-level reappraisal, say every 60-90 days.

Contrary to popular belief, whether the internal investments are running within budgets and timescales and delivering what is expected, is almost immaterial, other than for business control purposes and to learn lessons. What needs to be regularly assessed is what is being sought from the envisaged change at the time of review and how much more needs to be expended to get there – in other words, a foreward perspective.

At each investment review, every running programme and every proposed new programme needs to be assessed in the same way using rigorous criteria and they should all compete with each other. This approach might show it to be appropriate to cancel some projects (or even programmes) which have been going well to date, to free up money and resources to do something else which is even better.

The road to value
It's a hard truth that value gets destroyed before it is created. As an example, at the outset, time and effort will be expended in the programme to create new capabilities, e.g. new methods of providing information or research facilities. So far these have just destroyed value.

The next step is to bring about business change, e.g. train people on the content of new publications or altered work patterns. This destroys yet more value.

These steps need to be followed by realising business benefits, e.g. increasing awareness and advancing research. But before these can be realised, even more value is destroyed while people are getting used to new ways of working, when they can make mistakes and waste resources.

And finally … value creation
It is only when the sum of all of the business benefits, made possible by exploiting the new capabilities, have exceeded the actual investments to date in the programme, plus their opportunity cost, will additional value be created for beneficiaries and those caring for them.

Grosvenor's vision
The vision Grosvenor has for Value Management is that through its adoption and continuous active involvement by boards of directors, enterprises will substantially improve the returns, financial and non-financial, that they achieve from internal investments in business change. Of course, exactly what "substantially improve" means would be one of the first conversations which will need to take place about the journey from 'Vision to Value'!

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

- investments,
- capabilities,
- business change,
- benefits and
- value.

These papers can be downloaded from www.grosvenorconsultancy.com .

For further information on what Value Management could achieve for your charity or to arrange your first conversation on Value Management, please contact:

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