

CHARITY HEALTHCHECK

A diagnostic tool for
growing charities



PAUL
KAERGER
Management
Solutions

Not For Profit (NfP) organisations operate for the benefit of a section of our community (either locally, nationally or worldwide) who may have neither the voice, resources or money to improve their own circumstances.

But, as the demands of their beneficiaries change and as the landscape for funding becomes increasingly difficult, the organisations that survive are the ones who demonstrate that they are lean, ambitious, flexible and innovative.

Understanding the “whole picture” is, therefore, increasingly necessary for charities; to demonstrate effectiveness to their beneficiaries, to demonstrate efficiency to their funders, to identify new ideas and to take advantage of these new opportunities.

This health check provides a list of questions that Chief Executives (and Trustees) should ask of their organisations from time to time. It is split into 8 sections covering; Strategy, Governance, Finance, Partnerships, Funding, Employees, Beneficiaries and Operations.

The questions are designed to be little prompts, a nudge to make you to step back and think about your organisation as a whole and make sure that every single element is functioning correctly. Spend an hour going through the questions, answering them as openly and honestly as you can. If you do not know the answers, it might mean there are parts of your organisation you don't know enough about.



About you

Let's start with a few general questions about your organisation

Your name

Organisation name

Your role

Income last fin. year

Unrestricted reserves
last financial year

What does your organisation do and what are your objectives?

Who are your beneficiaries?

What things concern you about the future with regards your organisation?

Organisation Strategy

Not for Profit organisations exist to improve the lives of their beneficiaries, but the most successful ones achieve it through having a clear vision and strategy and executing it.

A successful organisation is one that can articulate its direction and that can communicate it effectively with staff, partners, funders and beneficiaries.

1. What is the vision for your organisation? Where do you want to be in 2 or 3 years' time?

2. Who was involved in setting the vision/strategy/objectives? How well do your staff, partners, funders and beneficiaries understand your vision/strategy/objectives?

3. How do you communicate your objectives, your values and your successes to your trustees and staff?

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4. How do you track performance against your objectives and how well do you meet your objectives?

5. What values do you hold dear for your organisation? How are your values reflected in how you operate?

6. Who do you turn to for advice and support? How well does that support and advice help you?

7. What is your outlook for the future? Where do you see your biggest threats to your organisation? What other opportunities do you foresee for your organisation in the next couple of years?

Organisational Governance

As well as setting the direction for the organisation, the Board of Trustees is there to scrutinise operations and, as Directors, Trustees undertake a lot of legal responsibility.

The challenge for some Board members is the level of scrutiny to apply. In many circumstances, where charities have got into difficulty, it is because that balance has been wrong.

1. How well does your board support you and your management team? Are there areas where you would welcome more support?

2. What skills does the board have and are there any skills gaps? Do you understand the strengths and weaknesses of your board? Is your board representative of your community?

3. How frequently do you meet and what reporting is provided? Does it meet their expectations? Is board reporting accurate and timely?

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4. Are meetings planned and well organised? Do they run to time? Are the agendas clear and allow sufficient time to complete the meeting?

5. What succession plans do you have in place for your Board?

6. What management systems do you have in place? Are these checked and audited?

7. What legislation are you required to comply with? How do you monitor compliance? And how well do you comply?

Finances

Clearly, understanding your financial health is vital to survival for any organisation. But it is amazing how often organisations fail to keep a clear track of their income and expenditure and how frequently they fail to manage a healthy cashflow.

It might take some effort to get your accounts and financial processes in place, but once there, they are easy to control and will quite possibly ensure the long term viability of your organisation.

1. How successfully do you forecast income and expenditure? How closely to you track actual income and spend against budgets?

2. Do you monitor your cash-flow? What tactics do you have in place to manage peaks and troughs in your cash-flow?

3. How up to date is your book-keeping? Do you submit tax returns and Charity Commission returns on time? Have you been fined for late returns?

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4. Do you have strong audit trails in place to track money through your financial systems? Are you audited to ensure your systems are robust and fit-for-purpose?

5. Do you understand your financial liabilities? What liabilities or overdrafts do you have? Have you revisited them recently to look at better financing options?

6. What percentage of annual expenditure do your reserves stand at? What plans do you have to manage a healthy level of reserves.

7. What is your relationship with your bank like? What is your relationship with your Accountant/Auditor like? How do you manage these relationships?

Partnerships

The majority of Not for Profit organisations work in close collaboration with partners in order to provide a more comprehensive service to their beneficiaries.

So how well do you know and understand your partners? How well do you work together and do you understand the strengths and risks of each working relationship?

1. Do you use partner organisations to help you meet your goals? How well aligned are your goals and the goals of your partners?

2. Is the working relationship clearly documented? How well do you manage the relationship according to the written agreement? How clear are the lines of responsibility between you and your partners?

3. What risks are there with working with your partner organisations? How do you manage those risks?

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4. Do you have measures in place to assess how effective your partnership working is? Do you review your partners to ensure they remain a good fit for your organisation?

5. At what level(s) do you communicate with your partner organisations? How effective is communication or does it lead to problems?

Funding

It can sometimes feel that half of the energy of a charity is directed towards finding the next pot of funding. The nirvana is to have a balanced funding stream with long term commitments, however, this is rarely the case.

Not for Profit organisations need to have a slick and efficient funding operation that minimises cost as measured against income and which is balanced across a number of funding streams.

1. What is your funding pipeline? How accurately is the pipeline based on past results?

2. How well defined is the funding process(es)? How well do the various functions within the organisation understand the funding processes that affect them?

3. What is the conversion rate between bid submission and successful bids? Do you analyse the reasons for unsuccessful bids/campaigns and feed the results back into the process?

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4. Do you monitor the cost of bidding/campaigning? What percentage of total income does funding activity take up?

5. How well do your programme delivery teams and funding teams communicate? How well do you capture funding ideas from programme delivery teams and feed them through to the funding teams?

6. What is the mix of funding across the various streams? What risks are there to your funding streams over the next 2 to 3 years? What plans do you have to create a better balance?

7. What do you do to engage with funders and how successful are those efforts?

Beneficiaries

A charity exists to meet the needs of their beneficiaries. But those needs change over time and new ways to meet those needs become available.

So understanding your beneficiaries, understanding the people who use your charity, understanding how well you deliver will ensure that your charity remains relevant and highly regarded.

1. How well do you know your beneficiaries/service users? What are their demographics (location, age, background, gender)?

2. How do you track the needs of your beneficiaries? How well do you check you are meeting those needs?

3. What are the “ideal outcomes” for your beneficiaries and how well do these align with your vision and strategy?

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4. How frequently do you contact your beneficiaries? How well do you track the impact of your work and track long-term outcomes?

5. How do you gauge satisfaction? How do you engage with them to understand their feelings towards your organisation and your services?

6. How many complaints do you have? What processes do you have in place to record, investigate and respond to complaints?

7. How do your beneficiaries contact you? What access methods do you provide (phone, e-mail, twitter etc)? How do you target and promote your services to your beneficiaries to ensure they can access your service/project?

Employee Relations

In most organisations, the highest cost and the most valuable resource are the staff.

Understanding the “health” of the staff is one of the key ways of assessing the stability of a organisation. Factors such as turnover and sickness provide a clear view of how contented the staff are and, as we all know, a happy staff team means a more productive staff team.

1. How many staff do you have? How long have your staff team been with you on average? What is the range in terms of service years?

2. What is your annual staff turn-over rate? How many days are lost due to sickness, accidents or injuries and what are the reasons and trends?

3. Do you have clear HR policies in places and are they kept up to date? Do your staff know what they are or where they can find them?

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4. Do you have any on-going grievances and disciplinaries?

5. How long have your staff team been with you? What is the range in terms of service years?

6. How do you promote and reward your star workers? What percentage of your leadership team have been promoted from within? What succession plans do you have in place?

7. Have you undertaken a skills audit recently? What skills do your staff have? How many days of training do you provide your staff annually? How do you make sure the effectiveness of the training?

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8. What training and support do you provide your management team to ensure they can manage effectively?

9. Do you have a performance management process in place? Do you set objectives and targets and how well do your staff meet those targets?

10. Do you have regular appraisals? Do your staff have frequent 1-2-1's with their line managers?

11. Do your staff feel comfortable in raising issues and talking about their own prospects?

Operations

And finally, we look at what you actually do. Clearly, every organisation is different, how it delivers against its charitable aims is different.

However, there are key themes to consider such as innovation, quality, efficiency and keeping on top of these areas allows organisations to remain viable, respected and effective.

1. How well documented are your processes and what do you do to ensure those processes are followed?

2. How do you identify areas for improvement? What measures do you put in place to track the efficiency of your processes?

3. What risk management is in place? What contingency plans have you formed and have they been tested?

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4. How do you innovate? What mechanisms do you have to capture and test new ideas?

5. How do you check that your processes are cost-effective? How do you balance the costs of delivery against overhead costs?

6. How often do you replace equipment? Is your equipment still fit for purpose? Over what time do you amortise its costs?

7. How many sites do you operate from? How do you ensure consistency and clarity of purpose across many sites?

Thank you, that is the end of the questions.

Next Steps

This questionnaire is designed to get you thinking. In many ways, there are no right or wrong answers, the purpose is to make you ask yourself the question where sometimes you have been too busy to reflect.

If, when you have answered the questions, you don't like the answer and you want some help and advice on what to do next, please do get in touch.



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