

# Institutional Strengthening: Building Strong Management Processes



Members of the Mwamba “A Rock” Peace Club (in the Nairobi, Kenya area) joined the Government Chief and other residents in planting trees on the surrounding property of the Chief’s Camp. Photo by Debbie DeVoe/CRS

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Since 1943, Catholic Relief Services (CRS) has had the privilege of serving the poor and disadvantaged overseas. Without regard to race, creed, or nationality, CRS provides emergency relief in the wake of natural and manmade disasters and through development projects in fields such as education, peace and justice, agriculture, microfinance, health, and HIV. CRS works to uphold human dignity and promote better standards of living. CRS also works throughout the United States to expand the knowledge and action of Catholics and others interested in issues of international peace and justice. Our programs and resources respond to the U.S. bishops' call to live in solidarity—as one human family—across borders, over oceans, and through differences in language, culture and economic condition.

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## CRS PARTNERSHIP PRINCIPLES

- Share a vision for addressing people's immediate needs and the underlying causes of suffering and injustice.
- Make decisions at a level as close as possible to the people who will be affected by them.
- Strive for mutuality, recognizing that each partner brings skills, resources, knowledge, and capacities in a spirit of autonomy.
- Foster equitable partnerships by mutually defining rights and responsibilities.
- Respect differences and commit to listen and learn from each other.
- Encourage transparency.
- Engage with civil society, to help transform unjust structures and systems.
- Commit to a long-term process of local organizational development.
- Identify, understand, and strengthen community capacities, which are the primary source of solutions to local problems.
- Promote sustainability by reinforcing partners' capacity to identify their vulnerabilities and build on their strengths.

Partnership is fundamental to how CRS sees itself in the world. CRS believes profoundly that change occurs through local partners, that by sustaining and strengthening local institutions, they enhance a community's ability to respond to its own problems. Catholic Relief Services puts its approach to development, emergency relief, and social change into practice through partnerships with a wide array of organizations: local churches and nonprofits, host governments, international agencies, and others. CRS strives for partnerships founded on a long-term vision and a mutual commitment to peace and justice. For more than sixty years, CRS has worked side-by-side with partners to alleviate human suffering, promote social justice, and assist people as they strive for their own development.

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JOE WEBER/CRS

Members of the St. Patrick's All-Stars marching band in Old Harbour Bay, Jamaica, after Hurricane Dean in September, 2007.

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## **ABOUT THE GUIDE**

CRS is committed to supporting the work of its partners as they provide high quality, comprehensive, and sustainable services to the poor and those suffering injustice. CRS works with local partners to put in place the systems and structures needed for healthy institutions, providing quality services. CRS desires, together with its partners, to be responsible stewards who respect national laws, international conventions, professional ethics, and commonly accepted standards. To achieve this aim, CRS developed this Institutional Strengthening Guide, designed to assist Catholic Church structures, members of civil society, and CRS country offices in their efforts to improve their organizational systems and structures.

Organizational weaknesses are key bottlenecks for any program hoping to achieve sustainability. Leaders, managers, and staff recognize the need to strengthen their organizations in order to respond to the many external challenges facing them. The Institutional Strengthening Guide was developed from the experience of AIDSRelief partners and CRS's AIDSRelief Institutional Capacity Development team as they transitioned management of a large, complex, U.S. government-funded antiretroviral therapy (ART) program from the AIDSRelief consortium to Local Partners. In ART programs, scale up, integration of ART care with other clinical services, and decentralization and sustainability of the program is dependent on strong planning, management, and systems. ART programs are not unique in needing these strengths; as a result, CRS used the experience of AIDSRelief as the basis for this Guide.

The Guide presents principles, minimum standards and best practices, business processes, references and tools deemed important for effective, efficient, and sustainable organizations. The Guide consists of ten chapters that cover the key functional areas of most organizations. Each chapter (and indeed each step and process within each chapter) can be used as a stand-alone document. With the exception of Chapter 3, Health and Human Services Regulations, the chapters in the Guide are can be used by many different types of organizations, in many sectors (such as agriculture, health, peacebuilding, water supply, nutrition, education, or environment.) CRS offers the Guide as an adaptable tool which may be used to develop new, or strengthen existing, policies, processes and practices.

## **DESCRIPTION**

Every organization has its own unique context, understanding, interpretation and implementation of different business processes. These chapters provide information on how to develop or improve business processes and related policies and procedures. Organizations interested in developing or improving

their business processes and related policies and procedural manuals will use the information provided in the Guide in different ways.

In addition to the contents of the chapters detailed below, this Guide contains many tools that may be used directly or adapted, as well as references to many other resources for further reading on each organizational functional area.

### **Chapter 2: Assessment Tool**

The Holistic Organizational Capacity Assessment Instrument (HOCAI) helps assess organizational strengths and weaknesses. HOCAI provides a standardized framework to assist an organization's leadership and staff engage in a process of organizational assessment and improvement. The resulting scores will provide guidance into which organizational functional areas require the most attention and which chapters in the manual should be prioritized.

### **Chapter 3: Health and Human Services**

Those organizations working on projects funded by the U.S. Department of Health and Human Services are required to follow specific regulations in carrying out the activities of the award. This chapter outlines key regulations applicable to HHS awards. Users of this chapter are reminded that the chapter does not comprehensively cover all the requirements and are encouraged to refer to the respective regulations for more details.

### **Chapter 4: Governance**

Institutional governance and leadership are essential to achieving organizational efficiency and sustainability. Governance is the process through which institutions and organizations are directed, controlled, and held accountable. It is concerned with effective systems and structures and is a vital ingredient in the maintenance of a dynamic balance between the need for order and equality in society, the efficient production and delivery of goods and services, and accountability in the use of power.

### **Chapter 5: Strategic Planning**

Strategic planning is an important function and process in overall organizational health. There are many excellent strategic planning guides available; this section provides the websites of easy-to-use and easy-to-download strategic planning manuals. Also included is a short list of websites with resources and articles on the importance of strategic planning.

### **Chapter 6: Finance**

This chapter summarizes most key accounting processes and concepts that apply to nonprofit organizations. It does not include accounting theory, nor

does it cover all accounting concepts. Adoption of the policies and procedures detailed will lay the foundation for a controlled and formalized environment for the accurate recording and timely reporting of financial transactions. It will also help to establish effective management of and accountability for funding received and expenditures made against that funding.

### **Chapter 7: Procurement**

The guidelines presented in this chapter are a collection of supply chain management business descriptions, requirements, minimum standards and best practices intended to aid an organization's management and staff in the development and/or enhancement of their supply chain management policies, procedures and practices.

### **Chapter 8: Human Resources (HR)**

The chapter includes information related to recruitment and orientation; compensation and benefits; performance management; employee relations; staff care and safety; and staff separations from the organization. It addresses the need to use good business practices, systematize the HR process, ensure the effective and efficient management of HR resources, avoid confusion, and ensure fair and consistent treatment of everyone in the organization.

### **Chapter 9: Information and Communication Technology (ICT)**

Intended as a reference or working document targeted at organizational managers and ICT practitioners. It aids in the development and/or enhancement of ICT management processes. Specifically, this chapter presents the principles, minimum standards and best practices for the successful establishment of an ICT implementation process and a software selection process.

### **Chapter 10: Monitoring and Evaluation (M&E)**

All organizations need good monitoring and evaluation data on performance, outcomes, and impacts to design program interventions. This chapter guides an organization's leadership and staff through the two key business processes required for high-quality M&E: conducting the project design and proposal development process and undertaking specific steps that enable M&E to support the project management and implementation process.

## **HOW TO USE THE GUIDE**

The Guide is intended as to serve as a "go-to" reference for organizations – whether part of the Catholic Church, from other faith traditions, or secular nonprofits – wishing to develop or improve existing institutional strengthening

systems and processes. The Guide may be used as a quick reference to answer specific questions rather than read from cover to cover.

Normally, the process of strengthening an organization's capacity begins with an assessment. The leadership of an organization should consider selecting a diverse group of stakeholders for involvement in the assessment and subsequent improvement process. Whether the process is conducted by individuals, group discussions, or a workshop, the organization's leadership must maintain a task-oriented yet supportive environment, encouraging and respecting the contributions of individuals from different work units, levels, and areas of specialization.

The next chapter provides an organizational capacity assessment tool, the Holistic Organizational Capacity Assessment Instrument (HOCAI); a structured, thorough, and participatory analysis of each organizational function assists management and other levels of staff to identify areas needing improvement and areas of strength to maintain. Conducting an assessment will facilitate informed decision-making by the organization's staff and leadership regarding the selection of the chapters.

The compliance checklist provided within each chapter can be used as a detailed assessment as well as an evaluation tool after an improvement is completed.

Once the organization's staff and leadership have completed the HOCAI and identified areas of organizational weakness, the relevant chapter(s) should be selected from the Guide. Each chapter helps clarify the role and importance of each organizational function. In general, the chapters consist of the following parts:

- Organizational Area Process Map
- Purpose of the chapter
- The functions of the organizational area
- Key principles of the functional area
- Process description and process flow (steps)
- Compliance checklist
- Glossary
- References
- Appendices

Each chapter provides thorough and detailed information related to the business process(es) needed to establish or improve organizational systems. A business process is nothing more than a set of steps, or activities, described

in a chronological fashion, which leads to the successful completion of a particular goal. In the Guide, business processes are both described and presented in flowcharts as a sequence of activities. Business processes are described in the following manner:

- **Functional area map:** a visual summary of all the business processes needed in the described area of organizational function
- **Process description:** a brief summary of all the steps needed to accomplish a specific organizational goal, including any process-specific principles
- **Process flow:** a visual summary of the steps in each process
- **Steps:** each step includes the following information:
  - **Inputs:** materials and information needed to accomplish the procedure
  - **Outputs:** deliverables resulting from completion of the procedure
- **Roles:** natural division of labor
- **Process integration points:** examples of where functional areas have an impact on one another, or must be coordinated in order to be effective
- **Step summary:** a brief summary of the information in the step description
- **Step description:** a detailed explanation of the principles, minimum standards, and best practices for the organizational function

### **Action Planning**

After completing the assessment and identifying the relevant chapters, the organization's staff and leadership should review the steps proposed in the chapters to determine the concrete actions necessary to improve that area of organizational function. This discussion should identify forces that may inhibit or support the proposed change and devise a strategy to address the forces. The organization's staff and leadership should focus on developing a feasible action plan that can be implemented over a specified timeframe, taking into consideration all internal and external factors. Before undertaking an improvement, the proposed process should be checked against the organization's by-laws as well as national and local laws.

After reading relevant chapters and discussing the factors that inhibit or support change, the organization's staff and leadership should discuss and decide upon how the improvements, or capacity strengthening, will be conducted to bring the institution closer to the standard(s) described in each chapter. A capacity strengthening program may include, but is not limited to, coaching and mentoring, training and peer-to-peer learning, organizational design and restructuring, job share and secondment,

program design, monitoring, evaluation, learning design, and equipment and software purchases.

The action plan, and capacity strengthening program, should include the following:

- **Problem statement:** description of the identified organizational weakness
- **Objectives:** specific, measurable, achievable, relevant, and timely (SMART); a concise commentary on what the improvement effort and capacity strengthening aim to achieve and how the organization intends to implement the improvement<sup>1</sup>
- **Activities:** the steps, or specific activities, to be taken to achieve each objective
- **Approach:** the process that will be used in capacity strengthening, such as coaching, training restructuring, or software purchases
- **Time frame:** the length of time and the deadlines for each action
- **Persons responsible:** the individuals or work units responsible for implementing the activities
- **Resources:** human, financial, and material resources needed to achieve each objective
- **M&E:** the monitoring and evaluation indicators for assessing the achievement of each objective
- **Champion:** the leader, or supervisor, who will provide high level approval and guidance to the improvement effort

While developing the activities for each objective, the organization's staff and leadership should take into consideration all the necessary factors: time, money, personnel, and skills. They may ask themselves, "Is this what we can do in the near future?", "Do we have enough capacity for that?", "Is this very important for us?" Ownership is key to sustainable change. The action planning exercise may require painful decisions and it will be more difficult to take such decisions without commitment (buy-in) from the organization's staff and leadership.

### **Establishing, Implementing or Improving Business Processes**

Once the action plan for the functional area and its business processes is completed, the organization's staff and leadership should launch its implementation, which might mean either establishing new systems, policies and procedures or improving the existing ones. The tools attached to each Guide are useful instruments that could be used to facilitate the processes

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<sup>1</sup> ProPack I, page 186, Stetson, Valerie; Sharrock, Guy; Hahn, Susan. CRS 2004

described in the Guide. Tools include underlying policy templates, sample forms, handbooks, or systems that the organization can use and adapt.

Strong action plans will support the organization in implementing the selected activities and evaluating progress towards achieving the objectives. It is the responsibility of the leadership and/or management team of the organization to oversee the implementation, monitoring, and evaluation of the action plan.

External assistance is sometimes needed to implement the action plan. Resource needs are identified during the action planning process. Using the action plan, an organization may identify where they need to access resources (through fundraising or revenue generation) for capacity strengthening. Additionally, the organization's leadership and management should note how the improvement may be implemented, should external resources be unavailable.

### **Evaluating the Results of a Capacity Strengthening Plan**

Typically, a review of the capacity strengthening process should take place every four to six months, based on the indicators in the action plan. The organization's leadership and management should establish a review date during the planning stage, so they can monitor the implementation of planned activities. Organizational development should not be a one-time process. For an organization to improve and develop, it should see organizational development as part of its normal operations, continuing to analyze, plan, implement, and review, able continuously to learn and to do things better. A sample monitoring tool is found in chapter two, after the HOCAI.

## **CONCLUSION**

This Guide is offered in the belief that people and organizations in their own context are best suited to identify and address their development needs. All organizations struggle to function more effectively, as many face shortages of human, material, and institutional resources and operate in contexts that challenge even the strongest organization. Healthy institutions help ensure that positive changes are sustained at the end of a development project's technical support or funding. Furthermore, healthy, sustainable organizations make up a vibrant civil society that, in turn, helps lead a country toward good governance and social transformation. Capacity strengthening is an essential step in the process, contributing to sustainable development impact.

## EVALUATION FORM

CRS values your feedback concerning the applicability and usefulness of this Guide to your organization. CRS commits to updating and improving the Guide, therefore your feedback is much appreciated. Please provide your comments to [pgsdrequests@crs.org](mailto:pgsdrequests@crs.org) using the following questions:

The things your organization appreciated most about the Institutional Strengthening Guide are:

How was the Guide, or individual chapters, of use to your organization?

Please list in order the MOST relevant and useful chapters to your organization. Please explain your rationale.

Please list in order the LEAST relevant and useful chapters to your organization. Please explain your rationale.

What additional information (chapters) would be relevant and useful for your organization? Why?

Please comment on the following aspects of the Guide:

Layout and structure

Language and/or terminology

Style and tone

Business processes

Tools, references, and bibliography

The Guide could be improved by:

Other comments or suggestions related to Guide or specific chapters

THANK YOU





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