How to Build an Organisational Development Plan

A toolkit for NGOs and funders

Research conducted by the Pay-What-It-Takes India Initiative (PWIT) has highlighted the need for more financial and advisory support to develop the organisational strength and resilience of India's NGOs.[1] This toolkit is designed to help funders and NGOs address the multiple challenges they face in assessing and funding organisational development (OD) needs. We developed the toolkit in collaboration with the PWIT anchor partners and five organisations listed below that generously shared their insights derived from years of experience advising NGOs on building their organisational capabilities.

Our collaborators summarised their commitment to this endeavour...

"Our collective experience working with funders and NGOs in the sector has reiterated the importance of investing in organisational development (OD) to improve impact and sustainability. However, a lot remains to be done for funders and NGOs to more intentionally invest in OD to build a stronger, more resilient NGO sector. This is a long-term journey that requires a commitment from NGOs and funders to engage in honest reflection and continuous action. This toolkit provides some initial guidance and resources to stakeholders in the sector to advance impact through OD."

Name of the organisation	Logos	Organisation description
Dasra	dasra	Dasra accelerates social change by driving collaborative action and powerful partnerships with funders, NGOs, social enterprises, and other key stakeholders.
Dhwani Foundation	Dhwani FOUNDATION	Dhwani Foundation works with NGOs, foundations, governments, and other stakeholders to help strengthen the organisational capacity of small, grassroots NGOs.
Samhita	Samhita A BETTER NORMAL	Samhita is an impact catalyst which works with the private, public, philanthropy, and social sectors to create large-scale social transformation collaboratives through multi-stakeholder alliances, as well as bespoke corporate social responsibility (CSR); environmental, social, and governance (ESG); and responsible business initiatives.
Sattva	SATTVA Delivering High Impact.	Sattva is a mission-driven organisation that focuses on solving critical socio-economic problems through solutions that are effective, practical, scalable, and sustainable.
toolbox INDIA Foundation	toolbox INDIA	toolbox INDIA Foundation works as a catalyst to provide capacity-building assistance to nonprofit organisations through its portfolio of highly skilled volunteers.

About This Toolkit

This toolkit, which accompanies our "Organisational Development Assessment Guide" is designed to help solve a chronic problem: lack of attention and resources to build the organisational strength and long-term impact potential of NGOs in India. Research has shown that NGOs that make organisational development (OD) a priority investment grow faster and serve more people. (See "Benefits of Organisational Development Investments.") Yet broadly held funding practices result in inadequate support for NGOs' organisational development needs, putting a brake on their growth and ability to achieve greater results. NGOs contribute to this shortfall by not understanding and not promoting their own organisational development priorities to funders. Thus, both parties play a role in creating this funding gap, and both can benefit from this toolkit.

First, it's important to be clear about what we mean by organisational development. It's a topic of considerable confusion amongst the funders and NGO leaders we have interviewed. We define "organisational development" as investments in a range of critical efficiency and growth-oriented capabilities. Our toolkit collaborators helped to develop a list of 13, such as strategic clarity, finance and accounting, fundraising, and legal compliance. (See "13 Organisational Development Capabilities" on page 5.) Diversity, equity, and inclusion (DEI) comprises an additional capability that does not stand apart from the others. Rather, specific DEI tasks are associated with seven of the 13 capabilities. Thus, the capabilities list provides a common starting point for all parties that engage in organisational development planning and execution.

Benefits of Organisational Development Investments

Emerging research underscores the value of organisational development (OD) investments both for programme effectiveness and organisational strength.

- NGOs investing in OD grew their annual expenditures by 2x over a five-year period compared to NGOs that were not making those investments.[2]

- Over a three- to five-year period, NGOs investing in OD doubled their programme output.[3]

- A 2016 OD impact assessment conducted by Atma (a leading supporter of the OD needs of NGOs) showed that a cohort of 16 NGOs scaled up by roughly 4x the number of students and teachers served as their budgets increased by a similar amount.[4]

- An interim report on the impact of the Ford Foundation's BUILD Program to strengthen the long-term capacity and sustainability of social justice organisations concludes that the programme is meeting its goals. A key feature of BUILD is a dedicated focus on institutional strengthening with a combination of flexible funding and technical assistance.[5]

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2 Pritha Venkatachalam et al., *Building Strong Resilient NGOs in India: Time for New Funding Raising Practices*, The Bridgespan Group, 17 March 2021.

3 Preliminary analysis done by ATECF and Bridgespan for the capacity building grant portfolio.

4 Dr. Florence Ruby, PhD, "The Atma Accelerator: Summary of an Impact Assessment," Atma, January 2019.

5 Susan Morales, *Interim Report: BUILD Developmental Evaluation*, NIRAS Sweden AB, September 2020.
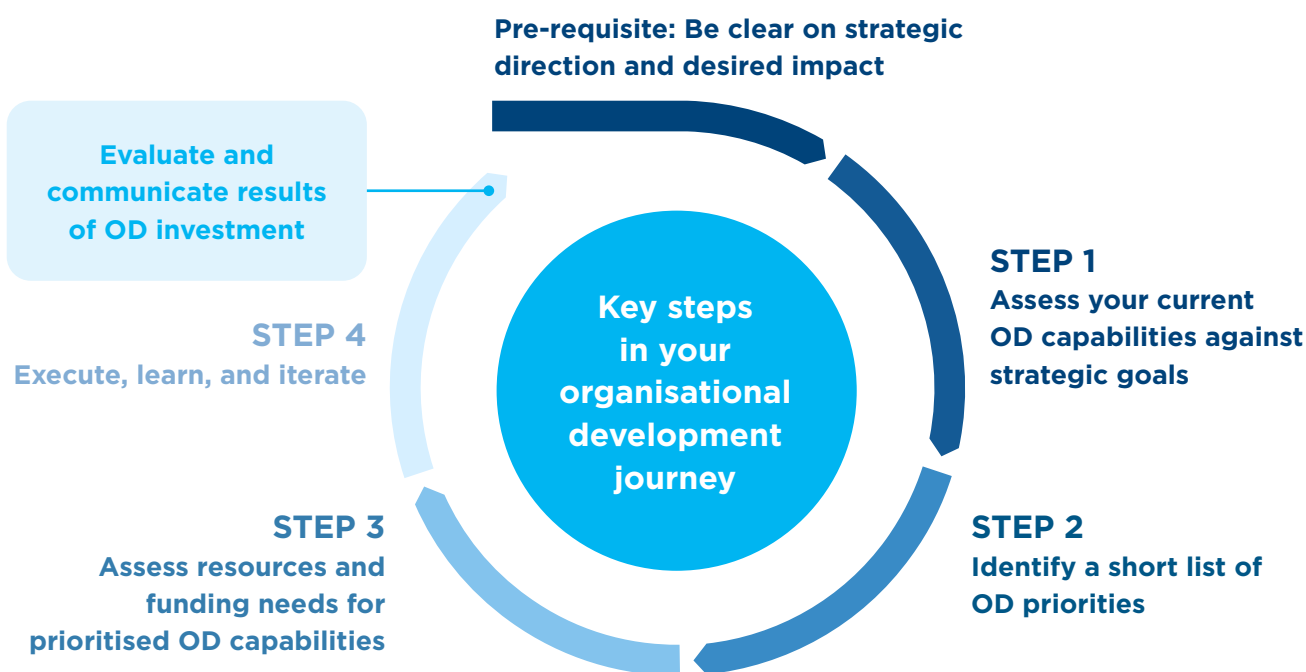
- Dhwani Foundation partnered with IIM-Bangalore[6] to conduct an evaluation of their OD programme with 23 rural and grassroots NGOs. It oversaw four assessments during the period and witnessed a significant change in NGO performance across categories of compliance, governance, human resources, and information technology. The evaluation also highlighted the following qualitative benefits:
  - Formalisation of processes has freed leaders from the anxiety of being noncompliant with regulations.
  - There has been greater demarcation of roles and allocation of roles and responsibilities as well as clearer leadership development.
  - There was a greater understanding of the organisational mission and a sense of collaboration and collective responsibility.

As these examples illustrate, investing in OD typically leads to one or more of four types of benefits:
- Enables scaling of budget and impact potential.
- Improves organisational efficiency and the experience of key stakeholders, including constituents, employees, and funders.
- Improves the organisation's resilience in the face of crisis.
- Impacts future readiness of organisations to capitalize on opportunities, collaborations, and innovations.

We used the capabilities list to build this guide, which walks users through a series of four steps to identify where an NGO falls short and how to fashion a plan for improvement. When it comes to NGO size and experience level, the guide is agnostic. All can benefit.

Figure 1: Key steps to strategically invest in organisational development (OD)

Pre-requisite: Be clear on strategic direction and desired impact

Evaluate and communicate results of OD investment

Key steps in your organisational development journey

STEP 1
Assess your current OD capabilities against strategic goals

STEP 2
Identify a short list of OD priorities

STEP 3
Assess resources and funding needs for prioritised OD capabilities

STEP 4
Execute, learn, and iterate

Source: The Bridgespan Group

6 Dhwani Foundation

The toolkit is meant to be filled out by an NGO's leadership, but developing a plan is not a solo activity. It is a collaborative process where funders, NGO board members, and staff should come together and agree on how to move forward. Nor is this a quick process. It may take multiple sessions spanning weeks and should be repeated in cycles over multiple years. To be sure, NGO leaders may be reluctant to be forthcoming with funders about their organisational shortcomings. Given the grantmaking power dynamic, funders that believe in organisational development can take the lead by recommending the toolkit to grantees in order to reduce that reluctance and by intentionally fostering a culture of candour and transparency in their communication with NGOs more broadly.

13 Organisational Development Capabilities

Capability	Description
1 **Strategic Clarity and Coherence**	Organisation has clearly articulated its strategic vision and mission, impact goals, and theory of change (pathways to achieve impact), which are well understood by internal and external stakeholders.
2 **Governance and Board Management**	Organisation has policies and processes to build a governance structure that includes a diverse board membership, with the experience and expertise to provide strategic direction and guidance to the organisation.
3 **Organisation Management and Culture**	Organisation has a standardized way of working through defined policies, processes, roles and structures, and systems (including those for knowledge, risk, and change management). Staff accept and adhere to these ways of working, enabling the organisation to deliver consistent quality service and to build an equitable and inclusive culture.
4 **Leadership Development**	Organisation has experienced, qualified, and diverse staff who are the key decision makers, and has policies and processes for the development of current and future leaders (including through clear succession planning).
5 **Finance and Accounting**	Organisation has effective systems and processes that help in organising, directing, reporting on, and controlling financial activities.
6 **Human Resources**	Organisation has a clear plan which helps in increasing organisational effectiveness through identifying, screening, hiring, training, and retaining diverse talent and actively engages in staff-related operations.

Capability	Description
7 **Fundraising**	Organisation has the ability to raise multiyear funds for its operations, including programmes, in a structured and effective manner, and maintains effective relationships with diverse current and potential funders.
8 **Communications, Marketing, and Advocacy**	Organisation effectively communicates its mission, purpose, and activities to inform, update, or request action from its target audience. It also has the capacity to conduct activities to influence and promote the interests or cause of an idea/group or people.
9 **Monitoring, Learning, and Evaluation (MLE)**	Organisation has techniques, processes, and tools designed and deployed to effectively track progress, analyse its work vis-a-vis its goals and objectives, as well as to learn, course correct, and grow impact on a continuous basis.
10 **Programme Management**	Organisation has the ability to effectively design, plan, track, and scale up its programmes that are aligned with its theory of change/results framework.
11 **Legal and Compliance**	Organisation has the ability to follow and comply with legal and regulatory requirements and adapt to changes/amendments brought into the regulatory framework.
12 **Information Technology Systems**	Organisation has systems and processes to collect, share, and organize information/data required for both internal and external stakeholders. It also equips its people with IT and communications tools that enable and enhance the staff's effectiveness.
13 **Partnerships and Alliances**	Organisation has identified structures and systems that enable it to interact and collaborate with other relevant stakeholders in the sector – both formally and informally – to drive partnerships and mobilise nonfinancial resources.
★ **Diversity, Equity, and Inclusion (DEI)**	The organisation has programmes and policies that encourage representation and participation of diverse groups of people; ensures that there is the promotion of justice and fairness within systems, processes, and procedures established by institutions; and that people feel a sense of belonging and respect in the workplace.

Four Steps for NGOs and Funders to Build an Organisational Development Plan

This template will help you clarify your strategic goals for undertaking an organisational development (OD) plan.[7]

Prepare by clarifying your organisation's strategic goals or objectives. **What** does your organisation wish to achieve over the next five years? **How** will your organisation achieve this impact? **Who** will participate in helping you make OD decisions?

Pre-requisite: Be clear on strategic direction and desired impact

Funders and NGOs benefit from adopting a growth mindset open to identifying capability gaps and resolving to close them. Therefore, it helps to mutually agree upon ground rules for the discussions that emphasise candour and transparency. Over time, capability gaps will narrow or close, and others will come into view as an NGO grows in size and experience. Thus, OD is an ever-changing set of challenges, not just a one-time exercise.

A	**List the key participants who should be engaged as part of the OD journey** Ensure that this is a participatory exercise and provides avenues for constructive input and engagement with all key stakeholders.	For example: • Board (add details of when/how they will be engaged) • Leadership • Heads of departments • Field staff • Funders • Mentors
B	**In discussion with the participants, list some reasons for embarking on an OD journey** This may be different for different NGOs.	For example: a leadership change, disruption, unanticipated shift in the organisation (e.g. strategy shift) or ecosystem (e.g. COVID-19), or stagnation of the organisation.
C1	**Basic strategic clarity: WHAT does your organisation wish to achieve through its work, in the next 5 years?**	Prompt: Discuss basic strategy of WHAT specific outcomes you want to achieve, WHO your population of focus is, and WHERE your organisation will do its work.
C2	**Basic strategic clarity: HOW will your organisation achieve this impact?**	Prompt: Discuss what key approaches you will undertake and which actors you will work with to achieve your goals.

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7 NGOs that wish to conduct the strategic clarity exercise in detail can refer to the Intended Impact and Theory of Change (II/TOC) toolkit created by The Bridgespan Group.

STEP 1: Assess your current organisational development capabilities against strategic goals

For NGOs, use the Organisational Development Assessment Guide to rate your current level of performance on the 13 capabilities and sub-capabilities. Rank your performance as Levels 1-4. Do not expect to excel in all. Rather, the idea is to use the exercise to prioritise those capabilities critical to meeting your strategic goals but that currently fall short. Given the limited resources available to most NGOs, achieving Level 2 for many OD capabilities is realistic.

Even before reviewing the Organisational Development Assessment Guide, you may have a strong notion of which capabilities are in greatest need of attention. But we still recommend completing the comprehensive assessment to reduce the possibility of blind spots. Examining the sub-capabilities within each capability may provide a fuller picture of the capability as a whole.

The sample template below is a snapshot of the Organisational Development Assessment Guide showing how to rate performance on sub-capabilities associated with Finance and Accounting.

5	**Finance and Accounting**			
	Level 1	**Level 2**	**Level 3**	**Level 4**
Financial Systems and Controls Source: Ford Foundation	**Systems:** No documented financial systems or controls govern financial operations.	**Systems:** Some formal systems and controls govern financial operations, but they are not fully adequate.	**Systems:** Formal systems and controls govern financial operations, including recordkeeping and documentation.	**Systems:** Robust and appropriate systems and controls are in place governing all financial operations, including comprehensive recordkeeping and transparent procedures that are regularly updated.
	Recordkeeping/ documentation: No formal procedures for recordkeeping or financial reporting exist.	**Recordkeeping/ documentation:** Financial reports are insufficiently transparent to provide adequate information for stakeholders.	**Recordkeeping/ documentation:** Financial reports are transparent, providing adequate information to stakeholders, but gaps remain.	**Recordkeeping/ documentation:** Financial reports are transparent and comprehensive, providing adequate information to all stakeholders.

STEP 2: Identify a short list of organisational development priorities

The priorities you pick are deeply contextual and reflect variables such as your operating model, sector of work, organisation size, and stage of growth. Consider the following three questions in context of your strategic goals as you identify your short list of priorities:

- **Systems and processes**: What sub-capabilities need strengthening to meet basic requirements of key systems and processes, such as financial accounting that accurately tracks budget expenditures and generates timely reports for stakeholders – especially funders and regulatory bodies?

- **Efficiency and effectiveness:** What sub-capabilities need strengthening to increase efficiency and effectiveness in key functional areas, such as investing in communications to showcase the impact of projects to funders and other stakeholders?
- **Impact and innovation:** What sub-capabilities are needed to scale impact and foster innovation, such as investing in technology, staff development, or leadership training?

The sample template below can help you flesh out three to five OD sub-capabilities that you may wish to prioritise based on preliminary discussions with internal stakeholders. This list will be further refined in the next step by explicitly assessing costs and benefits and having more discussions with board members and funders.

Priority sub-capability	Current assessment level and target for next strategic cycle	Rationale for investing in this capability
Staff Development	Move from Level 1 to Level 2	Investment in staff development will help with staff retention, which in turn is critical for stability of programme impact and a better quality of experience for both constituents and funders in the next strategic cycle.
_____ _____ _____ _____	_____ _____ _____ _____	_____ _____ _____ _____

STEP 3: Assess resources and fundraise for prioritised sub-capabilities

What combination of nonfinancial and financial resources will you need to pursue your organisational development priorities? (See Figure 2.) What potential benefits do you expect?

Use the sample template below to assess your resource requirements for prioritised sub-capabilities.

Prioritised OD sub-capability and target level	Key activities and potential benefits	Resources needed
Strategic Planning: Move from Level 1 to Level 2	Create a detailed resource plan in terms of staff requirements, budgets, and timelines to help improve the sustainability and scaling potential of programmes.	Hire an external consultant to draft a strategy roadmap capturing detailed resources required over the next 24 months.
_____ _____ _____ _____	_____ _____ _____ _____	_____ _____ _____ _____

Initiate conversations to assess resource requirements and initiate fundraising to meet those requirements. Steps 1, 2, and 3 often involve an iterative process that engages staff, funders, peer NGOs (if relevant), and even external advisors in multiple conversations to revise and adjust priorities and resource needs as circumstances change.

While resource constraints may limit initial cycles of OD investment, over time, you will get better at communicating the anticipated impact of OD investments, strengthening your ability to ask for the full amount of funding you need.

Figure 2: Approaches for funders to support NGOs with organizational development

Type of funding	NONFINANCIAL SUPPORT		FINANCIAL SUPPORT				
Approach	Connect with peer NGOs and interme-diaries	Provide subject specific expertise or knowledge	Dedicated learning grants	Blended grants	Distinctive programme for OD	Link OD invest-ment to employee volunteer-ism	Cohort-based approach to OD
Examples	Facilitate introductions with peer NGOs and expert inter-mediaries for knowledge sharing	Provide deep coaching to mentor NGOs on capabilities where funder has expertise	Provide 6-12 months of dedicated learning grants to enable NGOs to start their OD journeys with needed skills and expertise	Earmark a certain % of programmatic grant for OD investments	Offer a separate/ distinct grant specifically for OD to partner NGOs	CSRs in particular can explore an employee volunteer programme offering long-term support	Provide OD funding to a cohort of NGOs and facilitate collective growth e.g. GROW Fund

Source: The Bridgespan Group

STEP 4: Execute, learn, and iterate

Implement your short list of priorities as resources allow, monitor your progress, assess learnings (what is working, what is not working), and course correct for the next steps. As you build OD capabilities, set up systems and processes to sustain gains.

Use this sample template to measure your progress on the short list of priorities.

Prioritised OD sub-capability and target level	Output	Outcomes	Key learnings
Communications Strategy: Move from Level 2 to Level 3	• Audience/issue mapping and key messages • Established cadence for newsletter • Social media guidelines	• Increased organisation presence (awareness) • Increased engagement with stakeholders in fundraising and programmes • Improved audience engagement metrics on social media	• Need to tailor communications to specific audience • Need to measure audience engagement more systemically
Fundraising Capacity: Move from Level 1 to Level 2	• Impact reports to share with funders • Begin funder research programmes • Hire grant writer	• Increase committed funding, including establishing corpus/reserve • Increase in number of new funders and funder retention rate • Receive a multiyear grant • Decrease founder time on fundraising	• Create a funder pipeline with more targeted information such as funder theory of change, the sector they fund, and population focus
_____ _____ _____ _____	_____ _____ _____ _____	_____ _____ _____ _____	_____ _____ _____ _____

In the medium to long term, NGOs and funders can work together (or with intermediaries) to evaluate and communicate the qualitative and quantitative impact of OD investments. For example, capture OD impact stories that can be communicated to peer organisations, funders, and the sector.