

Professionalization of NPOs necessary for survival

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As NPOs reconsider current models of financing and allocation of resources, one path is clear: professionalization.

Bill and Melinda Gates, topping the list of the world's most generous donors, have been credited with relaunching and popularizing the old-fashioned notion of philanthropy. In Spain, an estimated 10 percent of the economically active population works in the voluntary, charitable, not-for-profit or NGO sector. According to some, this so-called Third Sector is set to grow.

But this will only happen if not-for-profit organizations manage to resolve the problems of their own continuity and operational autonomy. The increased number of organizations, combined with reduced budgets in today's economy, has prompted a review of the financing model and the efficient use of available resources, which are fundamental to NPOs' survival.

Having professional administration and management with a transparent resource strategy, as well as the capacity to explore new financing alternatives, are among the proposals put forth by IESE professors [José Ramón Pin](#) and Ángela Gallifa in the chapter titled, "La profesionalización directiva en el sector de la filantropía" ("Professionalization of Management in the Philanthropy Sector") from the book [La Filantropía: perspectivas y problemas. Un homenaje a Rodrigo Uría Muruéndano](#) (*Philanthropy: Perspectives and Problems. An Homage to Rodrigo Uría Muruéndano*).

A brief analysis of the NPO situation in Spain shows that the sector is currently undergoing a growth phase. Traditionally, financial precariousness has been compensated by an unpaid,

voluntary workforce. According to data from the study, voluntary employees represent more than half of all personnel, constituting one of NPOs' most important assets and the driving force behind their development.

However, more financial resources are needed to bring in competitively paid professionals. With more professionals on board, the tasks of raising money, building loyalty among associates or donors, and managing the process of innovation or strategic planning become far easier.

Investor mindset in fund raising

While some NPOs have professionalized the job of fund raising, this is not common practice everywhere. In general, these organizations are propped up by government aid. In fact, subsidies are often the first source of income for civic/civil associations. However, the legal strings attached hinder the professional dedication of their members. Dues received from associates/donors constitute a second source of income, and there has also been an increase in support from businesses. Nevertheless, none of these three sources, in and of itself, is enough to cover expenses on a regular basis.

Fund raising should include two activities: outside collection aimed at donors, and getting all the organization's members focused on fund raising. The goal is to create an investor mentality to replace the cost-driven mentality. When cost drives actions, the activities go no further, whereas the investor mindset is based on a circle of fund raising/investment/fund raising.

The investor mindset should be complemented by cost control, a process in which austerity and rigor build confidence among stakeholders. One good practice is to establish a balanced scorecard that covers administrative and general expenses and their progression in relation to the resources they have to work with.

In its balanced scorecard, Doctors Without Borders, for example, has established desirable expense ratios for new technologies and outsourcing, and formed alliances with professional businesses through corporate volunteerism. The results of this balanced scorecard must be communicated to all stakeholders, particularly donors.

Attracting people

Professionalization is highly necessary in managing people and HR policies. The hiring and

recruitment of employees and volunteers cannot be left to chance. Instead, these activities should be the result of a clear plan that is consistent with the nature and strategy of the organization. Moreover, the career processes must be coherent with the structure of the NPO, its DNA and its strategy and environment.

The process of departure or outplacement of the people who contribute to the NPO's mission is as important as the management of the recruitment process. It may require finding external job-search mechanisms for them, or fostering the acquisition of skills that are valued in the job market, in order to facilitate the employability of people when they eventually leave the organization.

One way to find quality collaborators is by developing the distinction of being a quality employer - offering jobs for interesting projects that respond to the vocations of volunteers, and offering experiences that help develop valuable skills for the job market.

In professionalizing NPOs, leadership in three fundamental areas is essential.

Vision. This requires recruitment and selection in order to discover people's potential.

Executive Functions. Organization and communication are developed through training and continuity processes, in both simulated and actual work. This can be part of the package that NPOs offer to the for-profit sector. NGOs carrying out international activities are particularly useful for developing cross-cultural management skills.

Ethical Behavior. This creates confidence to support the branding of leadership. In this sense, governing bodies play an important watchdog function, to avoid any opportunistic adaptation strategies, which, while attractive in the short term, are detrimental to the mission and all the confidence created.

NPOs are socially necessary - there are no other organizations quite so capable of offering some of the competencies they have, particularly in developing a sense of solidarity among people. But without professionalization, their stability and growth will be precarious, making this an urgent priority.

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