

Invest for impact: Continuous process improvement helps philanthropic organizations maximize resources

By Lee Kuntz

The work week should be over, but the office is buzzing, and the chief financial officer is making the rounds one more time. Foundation policy says grantee checks must be in the mail by end of day Friday, and there are still dozens of outstanding items. Everyone is staying late, because if those checks don't get out, grantees can't act on their programs. People can't get help. And the foundation board is sure to hear about it.

If that scene sounds uncomfortably familiar, you're not alone. Philanthropic organizations are built around the idea of partnering with nonprofits, and they make a commitment to their board to deliver social impact for the communities they serve, yet their own processes sometimes build roadblocks to delivering on that commitment. Unnecessary steps and unclear responsibilities create delays that limit an organization's effectiveness and lead to errors that can harm its reputation. That's bad news for the organization, the grantees who rely on them, and the communities they serve.

Some philanthropic organizations might not even recognize the challenges they face. Even ineffective processes can seem the only possible option when they've been in place for years. They linger because nobody can imagine a different way, and over time an approach that might have been perfectly suitable when an organization was starting out is made obsolete by growth, changes in focus, or evolutions in technology. And so, while the desire to build positive relationships with nonprofits remains, making an impact in the community becomes increasingly difficult.

It doesn't have to be this way, and the solution doesn't have to be painful. With the right outside perspective and leadership, addressing ineffective processes can even be — dare I say it? — fun. Continuous process improvement uses proven tools to maximize existing resources and solve the pain points philanthropic organizations experience every day. Where traditional process improvement is built on tweaks, automation, and applying bandages as cracks appear, continuous process improvement focuses on process control and improvement to build the organizational muscle you need in order to innovate.

Through continuous process improvement, philanthropic organizations can:

- Recapture hundreds, even thousands of work hours,
- Be error free for multiple years,
- Deliver better or faster on grants or donor acknowledgments, and
- Maximize technology investment.

THE FOUR STEPS OF CONTINUOUS PROCESS IMPROVEMENT



If your organization is experiencing significant growth or investing in new technology, or if your reputation is suffering as the result of errors, continuous process improvement can help you get your bearings and move forward with a new outlook.

Here's a closer look at how continuous process improvement can help in three key scenarios.

The technology trigger

Organizations invest hundreds of thousands of dollars in computer systems with the idea that updated technology will increase their impact in the community. However, based on my own surveys, philanthropic organizations typically only use those systems to 40 to 60 percent of their capacity. That's like buying a Ferrari and only driving it to the grocery store.

About 20 percent of the organizations I counsel say they're in the process of changing out their systems, but computers are tools. A new hammer won't make you a better carpenter, and a new computer system can only take you as far as your current processes allow. If you're not prepared to maximize the use of that system, you may miss opportunities, causing ROI to suffer. And if ROI suffers, your board might start to wonder why they approved such a significant expense.

"Why would you take a process that right now doesn't meet your needs and automate that on an expensive new system?" said A. J. Pietrantone, Deputy Director, Jacob's Pillow. "Continuous process improvement allows an organization to enhance its systems and take full advantage of the technology that's available to them."

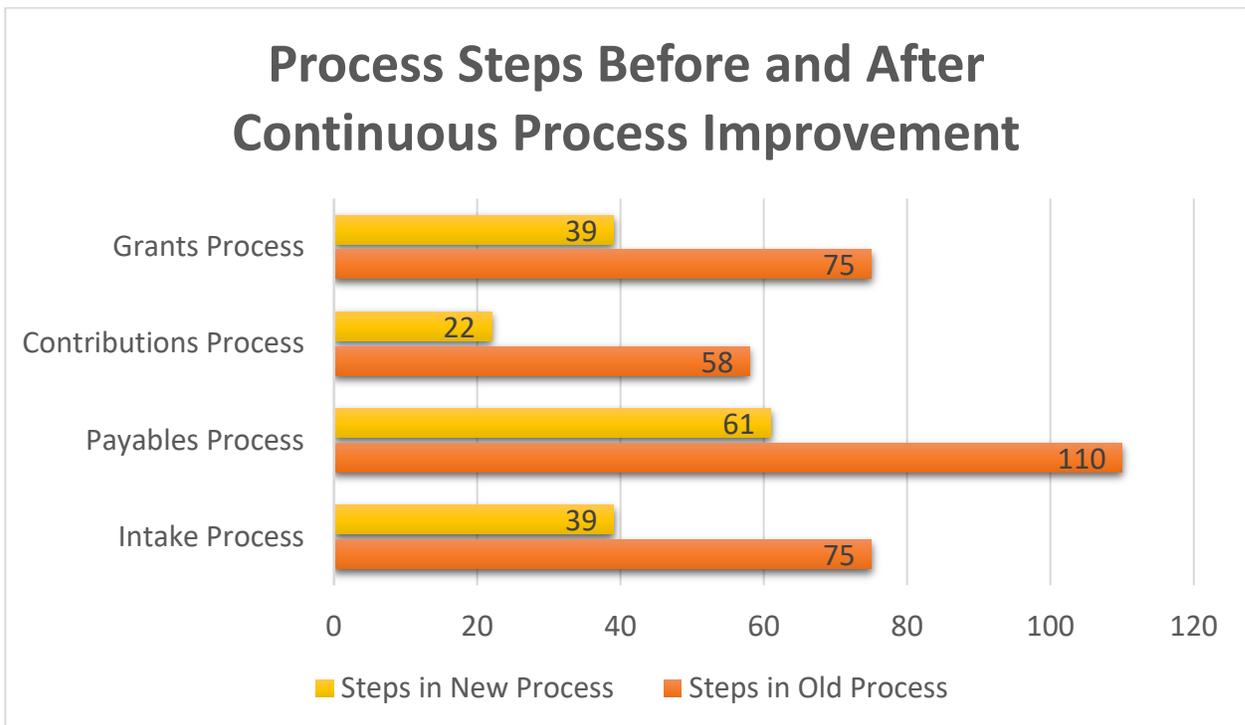
Keeping up with growth

Growth can be wonderful for a philanthropic organization, but it also creates challenges. A growing organization can increase its impact in the community, but growth in donations or grant requests seldom brings a corresponding growth in internal resources. That disparity can stretch an

organization's capabilities to the breaking point, and the inefficiency that comes with trying to accomplish more with the same resources can ultimately harm an organization's overall mission.

Continuous process improvement allows organizations to keep pace with growth by maximizing internal resources. Consider the example of Communities Foundation of Texas. For each of the last 10 years, CFT has both raised more money and made more grants than the year before. And yet, the foundation's budget does not increase at nearly the rate of its results. Through continuous process improvement, CFT has been able to recapture time and reinvest in its mission.

How much of an impact can continuous process improvement have? On average, organizations I have worked with reduced the number of steps in their processes by 52 percent. Imagine what you could accomplish if your current processes took half as long.



Source: Innovation Process Design

Defend your reputation

Reputation is key to any philanthropic organization. If people don't trust you to do the job you've set out to do, donations will dry up. Ineffective processes invite delays and errors, and they open the door to people dismissing your organization out of hand because they don't trust you to live up to your mission.

Here's a scenario you might recognize: A grant check goes out to the wrong address or the wrong nonprofit name. The check circles back to the foundation, and the nonprofit that counted on your grant to help with housing or food support ends up saying no to the homeless family that was looking for assistance. All because the foundation's processes are ineffective.

Continuous process improvement allows organizations to reimagine their processes to make such errors a thing of the past.

Continuous process improvement requires up-front investment in the form of time and commitment to change, but it pays dividends quickly. By building muscles that help solve your toughest challenges and creating a culture of transformation, continuous process improvement helps organizations be more innovative in their thinking and allows them to tackle challenges that would otherwise have seemed impossible. Payoff in the form of recaptured time and positive feedback can return 1.5 to three times the initial investment in the first year, and 6.5 to eight times by year three.

Ultimately, all philanthropic organizations have the same goals: You want to partner effectively with nonprofits, fulfill your obligations to their board, and have an impact in the communities you serve. There are many factors involved in accomplishing these goals, but ultimately, it's an organization's own processes that play the biggest role. By looking within, you can maximize organizational return on investment and increase impact.

Lee Kuntz

As founder and president of Innovation Process Design Inc., Lee has spent nearly two decades using process improvement to solve the unique challenges facing leaders of complex service organizations. Through expert training and coaching, she helps teams look at their work with new eyes, transform how work gets done, and create real results. Learn more about Lee and how she can help your organization at improveprocess.net.