



Effective Organisational Change in Federations

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Introduction

This paper offers tips from work on **strategy and organisational change** in international NGOs (or not for profit organisations) structured as federations. The context and needs of such NGOs are complex and unique so the tips are intended to raise issues and provoke thought rather than giving standard solutions.

By a *'federation'* I mean a combination of legally separate organisations which are bound together by formal agreements to pool certain powers and activities. The structure of a federation normally includes distinct federal management and governing bodies. For clarity, I shall label these the Federal Secretariat and the Federal Board, though each can be more than one body. Key principles that underlie a federation are described by Charles Handy as follows:¹

- **Subsidiarity**, taking decisions at the lowest possible level²
- **Twin citizenship**³ so that someone in a federation is proud to be both a member of their own organisation and part of a federation that makes the whole greater than the sum of its parts in matters such as advocacy (for an NGO) or global influence (for a political federation). A Texan is also a citizen of the USA.
- **Interdependence**, 'the principle that each part needs the help of the other parts, as well as the centre, in order to survive'⁴
- **Common law**, a common set of rules and standards that are developed and shared by all parts of a federation, narrowly focused on what really matters for the common good without overpowering the diversity and shared learning that are key benefits of a federation
- **Separation of powers**, seen at its clearest in the US constitution but needed in all federations to share power, for example between Federal Secretariat and Federal Board or in the role of an audit committee in an NGO.

All federations are **membership organisations** in the broadest sense of the term, though the members may have a different label such as 'affiliate'. However, there are also membership organisations which have organisational (not individual) members but are not federations. Some of these are styled 'umbrella bodies'. An example in the UK is Bond for NGOs working in international development. The component members cooperate to share resources or campaign together, for example, but have not formally pooled powers and activities in line with Handy's principles.

¹ Charles Handy, *The Independent*, 6 February 1992: reproduced in www.federalunion.org.uk/charles-handy-on-federalism/

² Charles Handy, *The Empty Raincoat*, Hutchinson, 1994: chapter 7

³ Charles Handy, *The Empty Raincoat*, Hutchinson, 1994: chapter 6

⁴ Charles Handy, *The Age of Unreason*, Arrow, 2002: page 99

All of the tips below still apply, with appropriate changes in wording, except for tips 3 and 4. A key question for a non-federal membership organisation is whether the strategy is internally or externally focused:

- *Internally focused* on how the organisation works with its members, so that the strategy and accompanying organisational change are for the membership organisation on its own or
- *Externally focused* on how the members work together, for example on joint campaigns, so that the strategy and accompanying organisational change are for the membership organisation together with all its members.

Finally, there are also membership organisations that have mainly individuals, not organisations, as members – for example Amnesty. The tips below again apply to them, and indeed to non-membership organisations, with appropriate changes in wording, except for tips 3 and 4.

Here is a **summary of the ten tips** for developing successful strategies and bringing about effective organisational change in federations:

1. Be clear about what you mean by strategy.
2. Strategy is the responsibility of governing bodies.
3. The federal strategy should respect subsidiarity.
4. The federal strategy is not just a strategy for the Federal Secretariat.
5. Select and refer to a simple overall method for the strategy process.
6. The process of developing a strategy is a key part of its implementation.
7. Use facilitators but remain in control.
8. Distinguish between the strategy and the strategy document.
9. A new strategy is an opportunity for renewal.
10. Enjoy it!

1. Be clear about what you mean by strategy

The word **'strategy'** is used by different people in many different ways with many different meanings. Sometimes *'strategic'* becomes devalued to mean just *'important'*. Mintzberg, Ahlstrand & Lampel observed five different definitions of strategy as plan, pattern, position, perspective and ploy.⁵ A good definition by JM Moore is: *'how an organisation, in its entirety, best directs itself in a changing world.'*

For the purpose of this paper what I mean by **'strategy'** is a small number (typically 3-5) of high level, enduring and memorable priorities - and actions arising from these - that guide the organisation in achieving its mission. These are more specific than the mission but more enduring than operational plans. For example, part of the strategy of an NGO, with the mission to facilitate the improvement of governance in Tensudia, could be to contribute to the development of the management and functional skills of Tensudian civil servants. This does not specify which civil servants, which detailed skills or whether to use training or coaching: those are matters of tactics and operational plans.

With this view of strategy, I am uncomfortable with the phrase *'strategic plan'*. This seems to me to blur an important boundary between strategy and ever-changing plans. As the often-cited phrase runs, *'no*

⁵ Henry Mintzberg, Bruce Ahlstrand and Joseph Lampel, *Strategy Safari: A Guided Tour through the Wilds of Strategic Management*, Financial Times/Prentice Hall, 1998: chapter 1

plan survives contact with the enemy'. Indeed, Mintzberg once described the term strategic plan as an oxymoron – a contradiction in terms. I hasten to add that most people wisely recognise the important role for planning and it is useful to consider its place in relation to strategy: e.g. *'plans are useless, planning is indispensable'* (Eisenhower).

In this paper, **strategy is inseparable from organisational change**. If the strategy is to be effective in focusing decisions and actions it has to be wired into the organisation, both in its more visible forms of structure, systems and choice of people and in its software of culture and how people are led.

The federal strategy is also intimately linked to other elements, notably the vision of the federation. Collins argues that a good vision embraces a clear purpose, which might last 100 years! It is also closely linked to clear values (3-5) and the mission, preferably a 'bold mission' which is specific and has a 10-30 year timeframe. These all set the stage for effective strategy development. Strategy periods typically have 3-5 year timeframes. These other elements probably need a review every time a new federal strategy is developed. If they are well-chosen, they should not often need to change significantly, though exercises might take place to ensure they are alive in the current context (e.g. bringing up to date a short line that explains the meaning of each value). Depending on how they are expressed it may be appropriate for them to be the same for every member and for the federation as a whole, as part of what Handy calls the 'common law' of the federation.

A good starting point for establishing alignment and shared expectations for the strategy process may be a review of how the previous or current strategy has been used in practice. Is it referred to by boards and staff making decisions about what to do? How could it have been more useful? Does it feel relevant to today's problems?

Strategy is about choice. A strategy that gives scope for a federation to do anything is not much of a strategy. One of the values of a clear strategy is that it helps management and governing bodies to decide their priorities and to choose which opportunities of activity or funding to go for.

Thus, at the start of the process of developing an effective strategy a federation needs to establish a shared understanding of what it means by 'strategy', 'a strategy' or even 'The Strategy'.

2. Strategy is the responsibility of governing bodies

Governance is the means by which an organisation ensures that it achieves its aspirations. Therefore, the strategy of an NGO, the priorities that guide it in fulfilling its mission, is a central concern of its governing body or bodies. Working hand in hand with staff members and important stakeholders, this means that a federation's boards, assemblies or councils are responsible for the federation's strategy including overseeing its development, approving it, monitoring it and triggering changes when necessary.

This complements the role of federal and members' chief executives and senior management teams; these people contribute to the strategy development process and are responsible for its implementation.

In a federation with more than one governing body it needs to be clear which governing body has ultimate responsibility for federal strategy. These distinctions of role co-exist with a need for shared development and ownership of the strategy as will be discussed later.

3. The federal strategy should respect subsidiarity

The federal principle of subsidiarity requires that decisions are taken at the lowest possible level in the federation. This means that each member will generally need its own strategy and the federal strategy should focus on approaches needed for the federation as a whole and avoid prescribing details that need to be free to vary between members (the work of influencing the policies of national governments, for example, will differ greatly between Denmark, Kenya and Tajikistan).

The twin citizenship of those in a federation, such as people on the boards of members, is partly expressed by the need to be guided simultaneously by both the federal strategy and the strategy of the relevant member.

4. The federal strategy is not just a strategy for the Federal Secretariat

The federal principles of subsidiarity, twin citizenship and interdependence mean that the strategy and accompanying organisational change of each member have to be aligned with the federal strategy and federal organisational change. The implementation of the federal strategy, including organisational change, depends on both the actions of members and the work of the Federal Secretariat. This has implications such as the following:

- The timing of reviews of existing strategy and development of new strategies by members should ideally be aligned with the review and development of the federal strategy.
- The federal process needs to involve every member's board and staff.
- The themes and thinking that emerge from the federal process need to be continuously and fully communicated throughout the federation.
- The approval of members' strategies should ideally be aligned with the approval of the federal strategy.
- Organisational changes to support and express the strategy, and reviews of progress in implementation, should also be aligned as much as possible at national and federal levels.
- Monitoring of progress in strategy implementation by the Federal Board depends on effective means of gathering information by and from members.
- Managers in the Federal Secretariat need to be well-connected with opposite numbers in members.
- Strategy will be most effectively reviewed and developed if it includes the 'voice' of key stakeholders, not just the Federal Secretariat and Federal Board, as described in tip 6 below.

5. Select and refer to a simple overall method for the strategy process

There are many ways to develop a strategy, even once one is clear what sort of strategy is needed. In what can become an unduly complex process, it is helpful to refer repeatedly to the basic logic. Here are some alternative overall methods for developing a strategy: a small number of high level, enduring and memorable priorities – and actions arising from these – that guide an organisation towards achieving its mission:

- a) Work towards the future:
 - i. Analyse the present context and how it may change in future
 - ii. Assess where the federation is now, A
 - iii. Identify where you want the federation to get to in, say, 5 years' time, B
 - iv. Develop options for strategy in getting from A to B
 - v. Choose between the options
 - vi. Test the results by thinking through implications for implementation including the required organisational changes

- b) Build on strengths
 - i. Analyse the present context and how it may change in future
 - ii. Assess what the federation is uniquely good at, better than anyone else
 - iii. Develop options for strategy in applying these strengths
 - iv. Choose between the options
 - v. Test the results by thinking through implications for implementation including the required organisational changes

- c) Modify present strategy
 - i. Analyse the present context and how it may change in future
 - ii. Assess how well the present strategy is working
 - iii. If it is largely working well, identify options for improvement; if not, switch to a different approach such as a) or b) above
 - iv. Choose between the options
 - v. Test the results by thinking through implications for implementation including the required organisational changes

These methods all have their pros and cons. Focusing on the future as in a) may overemphasise where you want to go at the expense of where you could be most effective. Building on strengths in b) may exclude important options by playing down strengths that could be developed. The last option c) is not necessarily a cop-out. If a strategy is high level, enduring and well-designed it may well be suitable to continue it with modest changes after the initial period for its implementation is past. The list does not cover all possible methods and combinations of these methods are also possible. What matters is that the logic should be clear, explicit and referred to.

6. The process of developing a strategy is a key part of its implementation

Although governing bodies are responsible for the federation's strategy, people across the federation should own it – after all, its purpose is to guide their work. Furthermore, their behaviour, their culture and their choices about people are a key part of implementing the strategy. Their commitment to it ensures that the strategy is live rather than just some words filed away in a document. These points plus the benefits of using diverse perspectives mean that the development of the federal strategy should involve a range of people. Some of the implications are as follows:

- Reviewing and drawing up a new federal strategy takes time - perhaps a year for instance - to enable the ideas of many people in different places to be gathered, analysed, developed and then fed back for consultation.
- An iterative process is needed so that people can respond to the thinking of others.
- The process requires careful management to ensure all ideas are well-considered, recorded and responded to.
- It may be helpful to form a small taskforce to manage the process, ideally itself with a range of representatives from staff, governing bodies and other volunteers.
- Expectations need careful management – many attractive suggestions will not end up as part of the strategy; as such, it needs to be clear that though many people are involved in forming the strategy the final decisions and approval are for the relevant governing body.

The process of strategy review and development cannot take place in isolation from what is happening to the organisation and the world. The development of the strategy will reflect continuing changes in the context and even when the strategy is agreed its interpretation has to continue to develop in response to the uncertainties and opportunities of the external world. This is reflected in the ancient Greek notion of *building a ship while sailing*, a metaphor for what Mintzberg terms ‘emergent strategy’.

The Right Governance case study in the box on the following page attempts to illustrate this. It is fictional but based on experience of each of the elements.

Fictional Case Study: Right Governance

The mission of the federation Right Governance (RG) is to improve governance in a group of African countries, Diamond, Hevana and Tensudia. There is a member NGO in each country with a federal headquarters in Nairobi. The Chief Executive proposed to the federal board in June 2010 that it was time to review RG’s strategy, established in 2006 at the end of a war between Tensudia and Diamond. Here is how the process went:

June 2010	Decision by federal board to develop new strategy, to start in January 2012
September	Ideas for strategy development prepared by Senior Management Team (SMT)
October	Federal board meeting: board and SMT develop method for strategy process including data sources, key questions to consider and timetable with milestones
October	Taskforce from across the federation leads process and blogs its progress
November to	Staff review implementation of the present strategy and how it was used and they gather data on present and future context and RG’s strengths and
March 2011	weaknesses, talking with Governments, partners, thank tanks and other NGOs at national level in each country and also internationally. Partners emphasise need for RG to operate at local as well as national level. Reports circulated.
April	<i>Tensudia-backed militia starts conflict in Hevana state of Sparka.</i>

May	Federal strategy workshop for 3 days in Nairobi: wide range of federal and national board members and staff review RG's strengths, weaknesses, opportunities and threats; develop options for strategy; make choices with emphasis on conflict resolution (influence of Sparka events) and developing the skills of civil servants. Future Chair of federal board attends as part of her induction.
June – July	Strategy workshops in each country to develop national strategies
June –	Taskforce drafts description of strategy and consults member NGOs on wording.
September	Several iterations, resulting in greater emphasis on staff's own skill development as the main organisational change required.
October	Federal board meeting approves new strategy at first meeting with new Chair. Taskforce have big party.
November	Boards in each country approve national strategies and 2012 budgets.
January 2012	Public launches. Implementation of new strategies begins.
February	Federal board institutes regular slot at each board meeting for update on strategy, focusing on one of its priorities at each meeting.
<i>September</i>	<i>Success in winning large multi-country funding results in emphasis on coaching component of the work on civil servant skills development, a change from the emphasis on training in the strategy.</i>
June 2014	Mid-point review of federal strategy adjusts balance of outcomes expected: more growth than expected in work on civil servant skills development, less than expected on conflict resolution.

In the midst of all the activity of the process it is important to remember that what ultimately matters is the mission, the cause and people the federation exists to serve. For example, in an international development NGO there needs to be a deliberate effort to bring the voice and perspectives of programme participants and partner organisations into the process. They may or may not take part in the formal process of strategy development but they can participate in other ways such as:

- Reviewing past or current strategy - commenting on its effectiveness and the strengths and weaknesses of the NGO
- Developing future strategy - suggesting new and expanded areas of activity; responding to proposals for changes in programmes and direction
- Being at least virtually present through a reminder – e.g. some organisations have an empty chair at meetings

7. Use facilitators but remain in control

There are great benefits in using external facilitators, whether paid or unpaid, as a source of advice, external perspectives and support for the process of strategy development. However, it is important to remain in control: ultimately the strategy belongs to the federation not the facilitator. It is helpful to

specify the role of facilitators, or any other form of external support, through written and agreed terms of reference. Possible roles include:

- Gathering data from websites, documentary sources and the federation's own files
- Interviewing stakeholders such as beneficiaries, partners, donors, staff and board members to gain views in confidence including potentially sensitive issues such as to what extent the old strategy really guided action.
- Running surveys to gain more quantitative information from larger numbers of people
- Writing reports on key issues that need to influence or be addressed by the strategy
- Facilitating workshops at which data are considered, ideas are generated or drafts are discussed
- Offering an external perspective on what organisational changes may be needed
- Commenting on drafts of the strategy from an external perspective

The roles can include drafting parts of the strategy itself, but this carries with it the danger that the resulting document is not fully owned by the NGO. A request to draft the whole strategy suggests that it is seen as a bureaucratic requirement rather than the main guide to future action. A critical underlying factor is the facilitator's ability to grasp the organisational context, particularly its culture, and then work effectively - developing relationships and helping constructively shape and challenge to ensure the best possible result for the federation.

8. Distinguish between the strategy and the strategy document

If the strategy consists of a small number of high level, enduring and memorable priorities – and actions arising from these - that guide an organisation in fulfilling its mission then the strategy itself can probably be stated in less than a page. Keeping it simple is very important: a strategy might be very good, but if it cannot be communicated in a compelling and succinct way, especially in the context of a complex federation, much will be 'lost in translation' (both in mixed messages being gleaned and how it is interpreted in various languages). It is helpful to draw a clear distinction between the content of the strategy and how it is presented. A federation that has developed a new or amended strategy has many options for how to present and record it. These include the following, which are not mutually exclusive:

- A summary of the strategy on a page – e.g. for a website and key documents
- An even shorter summary – e.g. as part of a leaflet or presentation
- A visual representation on a website and in key documents, taking into account the federation's brand
- A longer document that can contain some or all of the following:
 - What the strategy is and what it is not
 - Suggestions of how the strategy could be used
 - A description of how the strategy was developed
 - A description of present and future context
 - A record of past successes and failures
 - An assessment of the federation's strengths and weaknesses
 - The federation's values, mission, purpose and vision - a vivid description of the future

- Implications of the strategy such as examples of what the federation will do, what it might do and what it will not do
- A summary of the organisational changes required in structure and people's skills, behaviour and culture
- Issues related to implementation such as finance and systems
- Plans for how progress in implementing the strategy will be monitored and how lessons will be gathered and used
- Plans for reviews and scope for mid-term adjustments to the strategy

9. A new strategy is an opportunity for renewal

The development and launch of a new strategy, even if only an amendment of an old strategy, offer opportunities for renewal. Besides direct implications for programmes to be started, continued and ended there are likely to be related implications for much else, including the federation itself. Indeed, a strategy is unlikely to be effective unless it addresses the internal organisational changes needed to support external action. New structures, systems and culture, and even new people, are likely to be needed to embody and express a new strategy. Ultimately strategy review and development processes can be very creative, fascinating processes that can involve important options and choices about the future. Areas where changes might be needed include:

- The competencies of staff and hence changes in recruitment and development
- The structure of the federation or at least the Federal Secretariat
- Systems in areas such as finance, people management, reporting and learning
- Potential sources of funding and existing donors
- The culture of the federation

The last is the most difficult to influence owing to the deliberately dispersed nature of a federation. Culture is strongly influenced by leaders and the Federal Board and Federal Secretariat have key roles in signaling and leading changes in culture through what they do, what they say and what they measure. Changes such as these ensure that the strategy is wired into the organisation so that execution follows naturally rather than as an awkward add-on to old ways of thinking and behaving.

10. Enjoy it!

For the leaders of the federation, whether staff or board members, the development of the federation's strategy can be a long and intense process, requiring a difficult balance between long term work on the strategy and short term priorities. However, it is also a wonderful opportunity to discover the shared commitment of everyone in the federation and, at the end, to celebrate agreement on what really matters for the federation and the people it exists to serve in the future.

Caplor Horizons – Background

Established in 2014, Caplor Horizons is an independent charity. We work with other charities and responsible businesses and now have over 50 Advisors. These are outstanding people that bring specialist knowledge and experience. They contribute their time on a voluntary basis, or at reduced rates, so that Caplor Horizons can provide high quality and distinctive services at an accessible cost.

Working locally, nationally and internationally, we help other organisations think differently about themselves and the new horizons that they face. We support them in strengthening their leadership, renewing their strategy and improving their influence.

We want to encourage and assist a new generation of organisations that are committed to making a positive and lasting impact. We believe that if we are to achieve real, sustainable change, we need to inspire and enable people to learn differently, think differently and act differently.

Our vision is: *A world where leaders deliver a sustainable future for all*

Our purpose is: *To be courageous, compassionate and creative in facilitating transformational change*

Our values are:

- **Courage** – We are courageous change makers committed to challenging assumptions, taking risks and having difficult conversations
- **Compassion** – We are open, understanding and heartfelt, encouraging the nourishment of our whole selves and others
- **Creativity** – We learn, think and act differently, and are innovative and resilient in an ever-changing world

Our beliefs are:

- Through diversity we ignite dynamic innovation
- Collaboration helps achieve greater impact
- Everyone matters
- We are all leaders in our individual and collective ways – we are all change makers!
- Learning is more effective if it is fun, engaging and creative
- Building on people's strengths creates greater resilience

Our strategic goals:

- Goal 1: Transforming Leadership
- Goal 2: Strengthening Resilience
- Goal 3: Increasing Collaboration

Learning differently
Thinking differently
Acting differently

