

# **Strategic organisational development approach (SODA)**

## **Discussion paper**

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with the help of Capacity Building Working Group and CAFOD

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## I. Introduction and background:

**SODA is a 5 years process project proposal that** was approved by Caritas Europa Executive Board at the annual planning meeting in December 2001. The project will introduce a methodology for **strategic organisational development approach based on a principle of self-assessment**. The recommended methodology will be as much as possible based on appropriate principles and procedures as used within member organisations having an outstanding experience with these issues. It will try to provide some examples of the “best practice” as a source of inspiration, yet a consideration will be given to local conditions and situation.

**The purpose** of this paper is to provide an introduction for the discussion on the identification of an approach and a suitable model for implementing the principles of systematic management leading to the improvement of performance and transparency within members of Caritas Europa.

There could be, with no doubt, found a whole range of different systems, models, of different paths and different levels of their implementation. The organisations should feel comfortable in using them and should indeed own them. Therefore, the following text aims primarily to show the main reasons for joining the **Strategic organisational development approach project (SODA)**.

Considering the vast range of fields of activities of individual members of Caritas Europa or even their organisational environment, focusing on common standards seems to be questionable. Nevertheless, once we come to the management of organisations or projects, many similar elements could be identified and the principles would be very much alike. The differences would be, of course, caused by different conditions, cultural environment, legal arrangements and not the least, the size of organisations. That would affect details of particular systems within individual organisations, not the general approach and philosophy to be mutually agreed. Focus on management issues should allow institutions to envision and actively form their future.

In many discussions held during the preparatory stage and in many documents a number of discrepancies have been brought into consideration. Quite often a contradiction is felt between doing the "real field work" which, of course, is the main purpose of charity organisations and the time load and resources devoted to management issues when building and developing a structured and systematic approach. There is a call for the introduction of some standards and at the same time a doubt concerning their bureaucratic nature and consequential risks of limiting flexibility. There is a feeling of a dilemma between two quality approaches – a business-like one and another one based on human rights including any code of conduct. There has always been a question of appropriateness of performance indicators, especially in such fields as charity and development work and even more when it comes to its spiritual dimension.

All of these thoughts are relevant and should be a topic of **permanent discussion and seeking the optimum balance**. However, one should keep in mind that the introduction of a systematic approach and improvement of the management system promotes a substantial improvement and consistency of performance of the entire organisation, brings a firm background for planning and decision-making and thus should result in more efficiency and

effectiveness. If applied properly, the system allows to do the “real field work” better, more focused and probably in a way bringing more satisfaction of end-users and other stakeholders.

In order to avoid excessive bureaucracy when adopting a quality system, Hugo Slim (1999)<sup>2</sup> recommends in his report for British overseas development agencies to focus on a limited set of key standards, considering the fact of their inter-dependence (e.g. ‘cross-cutting’ concerns like participation and capacity-building, gender as well as to key aspects of work like human resources and advocacy and to key management values like strategic coherence and cost-effectiveness). **The introduction of the system should be successive, leading to continuous improvement, starting from the easy-to-deal-with issues to more complex ones. The system, as well as its processes and any other standards should be understandable, motivating, measurable and periodically a subject of monitoring and review.**

- The discussion started within the **SODA** project has to involve representatives of participating organisations at the national and possibly diocesan level in order to reach realistic and sustainable outputs which would serve for the improvement of Caritas operations. It should show possible ways of further development
- Based on the needs identified, training and consultancy plan will be developed for each organisation. Current movements in the area of organisational development or/and strategic planning will be taken into consideration.
- Co-financing mechanism will be developed to cover the activities of each participating organisation.

## II. Motives, reasons for the project

*"As each one has received a gift, minister it to one another, as good stewards of the manifold grace of God." (1 Pe 4:1)*

The important aspect of the entire project is understanding the reasons why the **process** of the continuous development and strategic planning is that important and inevitable. Without comprehending the situation, it could be difficult to reach the commitment of participating institutions, in particular their leaders, to explain the development to staff members and motivate them to follow the developments and accept necessary changes. We have to make sure that **SODA** is the project, which is owned by its participants.

**Commitment of the organisations’ top management** is a crucial success factor without which it is hardly possible to imagine the implementation of a sustainable and adequate system. That does not necessarily mean their full involvement in the entire range of activities. On the contrary, it is quite often the case that the agenda related to design, implementation and further maintenance including monitoring and improvement of the organisational development system is delegated to a person responsible for such a project. That surely depends on the size, structure and competencies within the organisation. However, there are some roles where the top management's involvement is inevitable. That concerns taking essential strategic decisions (final strategic planners), formulating mission, vision, values of the organisation, its quality policy and provision of required support and conditions for the

person responsible for detailed elaboration and implementation – facilitator of the process. **Capacity Building liaison persons** who were nominated by their organisations could be the facilitators of the process. Capacity Building Working Group has been offering training and platform for exchange of experience and practice. Consultancy support will be offered to each participating organisation.

Reaching **staff's commitment** or at least respect to the process is another important issue. Therefore the setting up and implementing the process should be done within a consultative and communicative process, including maximum open feed-back. There can be found many cases of wonderful, elaborated strategies and systems failing due to non-accepting the set, far-from-reality processes, where the situation is not to improve due to a lack of functional feed-back and monitoring, without which no adjustments could be done. Quite often this would happen as a result of a strategy or system developed by an individual person, ignoring other people, their views and experience and thus resulting in people ignoring the system.

It is easy to imagine that an organisation could live without such a system, without a formulated vision, solving problems ad hoc, using routine procedures relying on an assumption that these lead to the best results and therefore there is only a limited need for following their monitoring. And many institutions do so. However, before taking a decision not to join the project, not to start structuring internal mechanisms and organisation - or probably more adequately expressed, before not making a decision to join - one should take into account external factors, conditions, trends and requirements. Let's have a short overview derived from available sources.

### **What might be the reasons for paying attention to issues of organisational development, continuous improvement, strategic planning, quality issues, excellence, standards, etc. ?**

- Increasing call for accountability to the public, stakeholders
- Requirements for transparency of operation, performance, use of resources by funding institutions
- Including European Commission requirements on managerial and organisational ability of humanitarian aid and development agencies
- Most likely further promotion of requirements on systematic approaches within NGO sector, both externally and internally
- Internal strategic decision within Caritas Europa<sup>1</sup> promoted by the approval of a proposal to link further long-term funding in organisational development, formulation and implementation of strategic policy
- Organisation's need for improved and coherent performance with a set of directions and priorities, stronger feed-back on performance, activities and processes

There has probably been no direct requirement concerning quality systems and strategic issues from official bodies at a **European level** towards the voluntary and charity sector. The legislative text that clearly established the policy of humanitarian aid of the European Union is the Council regulation (EC) No 1257/96 of 20 June 1996. Yet, there is attention paid to issues of quality management. The regulation points out that "administrative and financial management capacities" will be one of the prior criteria for "determining a non-governmental organisation's suitability for Community funding"<sup>3</sup>. There have even been set evaluation mechanisms in order to improve the management of humanitarian aid and to achieve optimum use of funds and resources.

There are other important stakeholders. **The national and local authorities** may require more than the European Commission at the moment. And if it is not the case currently, the trends are very much in favor of expectations towards proving professionalism, competence and coherence in an organisation's performance.

**The growing interest of the public** in performance of voluntary organisations is another important issue in many countries, differing probably from one part of Europe to another. However, the impact of the public's perception of quality and trust in transparency on funding should not be underestimated, in both a positive and negative manner. The so-called Deakin Report<sup>4</sup> on further developments within the voluntary sector in the UK comes out with a rather firm statement that "if the public loses faith in the voluntary sector or doubts its effectiveness it will not deserve continuing financial support or the gift of time which is essential to its well being. The adoption of an externally verified quality system could play a part in giving assurance to the general public of the value of the sector's work."<sup>5</sup>

These might be only a few indicators of trends to be expected. This is supported by other sources, all speaking about transparency, accountability of the voluntary sector and showing that more and more elements from business and industry enter the sphere of traditionally voluntary, non-profit organisations.

**The internal agreement within Caritas Europa** and its linkage to strategic plans, transparency of performance and implementation of systematic elements would only fall into these trends. The CE strategy reflects the evolution of the environment and assists the members to get ready for the future.

Few internal directions for the improvement were proposed by the Capacity Building Working Group in 2001:

- Where this is not yet the case, each national caritas organisation shall seek legal recognition/registration by the competent public authorities
- The national caritas organisation shall define its political status (rights and duties) vis-à-vis its government and devise a strategy to improve the present status
- The national caritas organisation and its local/regional/diocesan subsidiaries shall apply the highest possible professional standards in social service provision
- The national caritas organisation shall implement at least the minimal financial standards of Caritas Internationalis. If national standards are higher, those shall govern also internal Caritas transactions. The overriding principle shall be the respect of full transparency
- Each national caritas organisation shall have a proper recruitment and employment policy which determines according to national legal and extra-legal requirements all staff related activity
- National caritas organisations which are recipients of external funding shall lay down the principles and procedures of this project and programme management in a policy paper

**One of the main motives should be found internally**, within an organisation itself. Most people feel the potential for improvement, even if only within their own range of operation. An unsystematic approach may lead to loss of motivation and enthusiasm. The introduction of a system, of self-assessment should allow better planning, including the identification of weaknesses and priorities for improvement. Consequently the effort should bring better results and therefore more satisfaction, not only of end users, but staff themselves, as well.

### III. Models

The previous chapters provided a view on the background situation and an attempt to give enough reasons for considering the level of involvement in the **SODA** project. The project itself will benefit from adopting some of the models available for design and implementation of systematic approach to organisation's development and performance.

ISO standards are probably the most known. An **ISO (International Standard Organisation)** has been over the last decades working on development and promotion of series of standards for implementation and certification of quality systems for any type of organisation. Currently, about 300 000 organisations throughout Europe have formally adopted the system and been certified as meeting its requirements. It provides a good basis for design and implementation of the system which leads to a coherent performance and its monitoring. The standards are rather complex, provide guidelines for implementation. However, for the purposes of the **SODA** project it might seem too tight and demanding. Especially its focus on documentation can bring a feeling of over-bureaucratisation which is not particularly appreciated in the voluntary sector and could be the main burden for its use within the project. Yet, the adoption of the standards is in no way in the contradiction with the project's goals and philosophy. Some more information on ISO 9000 standards can be found in the Annex 4 - ISO (International Standard Organisation) standards.

There is a number of other models, often based on national initiatives and programmes (e.g. Investors in People, national awards, etc.). Yet, the discussions on the first draft of the paper, conclusions from CE Capacity Building seminars, experience of some CE members and own considerations have led to the conclusion that the most adequate tool for the **SODA** project will be the **Excellence Model**.

#### Excellence Model

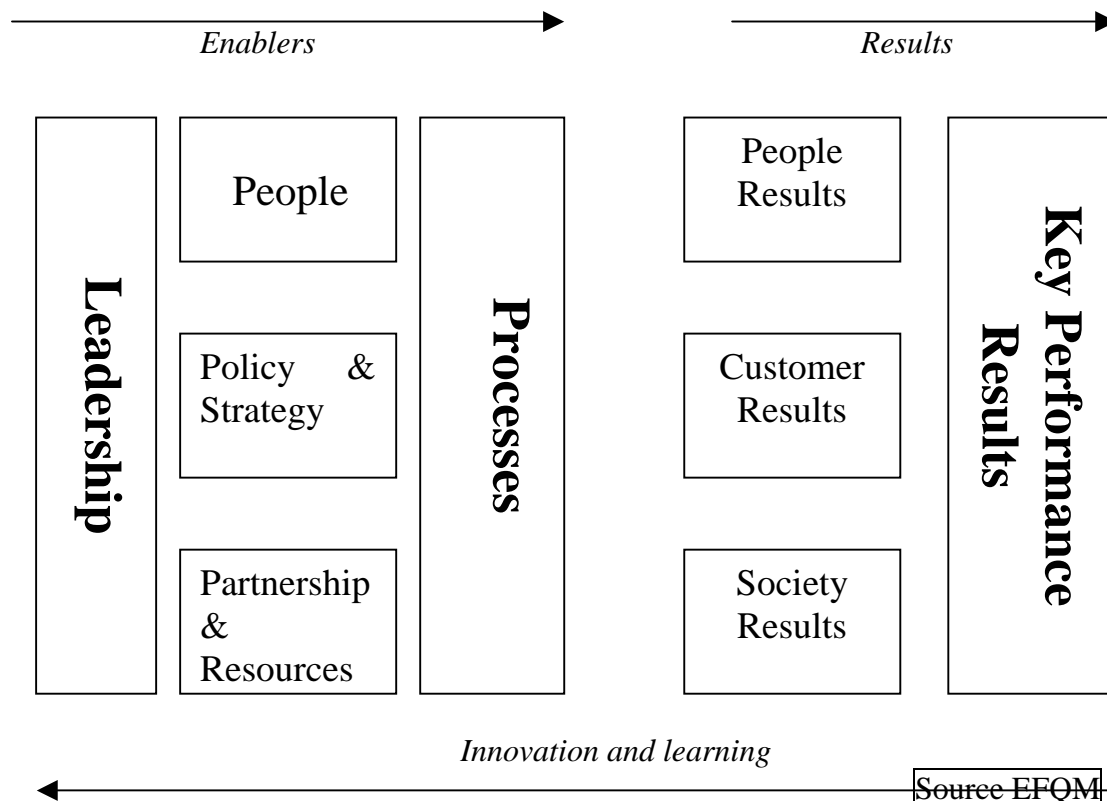
This framework, based on the idea of "continuous improvement" reflecting a never-ending effort for "striving for excellence", has been becoming more and more popular, especially thanks to its flexibility, adaptability and motivating elements. The framework was developed by the European Foundation for Quality Management in a close co-operation with large multi-national companies. Soon it attracted also the attention of the public and voluntary sector institutions which resulted in adjustment of a model to specific purposes of the sector.

The Excellence Model is a non-prescriptive, flexible framework that recognises that there might be a range of different ways and tools to build a coherent, functional organisation's system considering individual conditions and circumstances. The basic values and principles - though coming from the business environment - are valid for the voluntary sector, as well. The framework allows comparing levels of achievement and development of the internal quality system using special numerical scoring sheets. Nevertheless, a more important issue is that the framework requires a complex self-reflection of an organisation, of its current position, plans and success in achieving them. The self-assessment takes into account the organisation's intentions of further development, the resources and processes used for its achievement. At the same time, the adequacy of plans, their meeting in reality and demanded improvement have to be proven by measurable results, indicators and their trends. Such concrete data provide a "mirror" for reflection and consideration of appropriateness and

efficiency of deployed actions. Evaluation of results' trends informs about the direction of organisation's development. Analysis of data provides a firm, objective background for learning more about the organisation, reasons behind its performance and their interdependencies. This leads to identification of the areas to be improved and consequent planning of further actions as concerns overall policy, resources and processes.

The framework's principles are derived from a customer's or end user's satisfaction, but the model takes into account other stakeholders and requires to reflect both the external and internal interaction and communication of an organisation. It stresses a leading role of management at all levels, of adequate policies and their implementation through the care of people and processes which should be then reflected in results.

The Excellence Model<sup>6</sup> (see the picture<sup>7</sup>) is not prescriptive. It provides the set of different criteria to be addressed during self-assessment. These are divided into enablers and results groups. The four "Enabler" criteria - Leadership, Policy & Strategy, People, Partnership & Resources, Processes - cover what an organisation does, how it functions, what are its intentions. There is a list of topics to assist in a reflection how well and to which extent the different aspects of an organisation's system are planned and implemented. It raises a question how are plans, activities and resources reviewed and adjusted in order to improve the performance. For example, the issues concern formulation of vision, mission and strategy, involvement of leaders and others, their communication, understanding and following these ideas, resource planning and maintenance, processes an organisation uses for reaching its objectives, etc.



The "Results" - Customer results, People results, Society results and Key performance results - cover what an organisation achieves through implementing "Enablers" as expressed by its results and performance indicators. These should be planned in a form of realistic, achievable and motivating targets. A comparison of trends of results and indicators over a period of time helps to understand the development and causality. An important topic of the self-assessment is an analysis whether these are caused by systematic or fortuitous steps. The criteria include issues like clients' perception of an organisation and its services, staff' perception of organisation's attitudes towards them and their satisfaction, financial and performance indicators, etc.

A general overview of criteria of the model are given in the Annex 3 - A brief summary of criteria within the Excellence Model. More details could be found in the EFQM documents<sup>6,7</sup> and will be provided during the **SODA** project's activities.

#### **IV. SODA project context**

The starting **SODA** project will bring more discussion on tools and approaches appropriate to meeting its objectives and their relevancy to the individual participants' situation. Yet, as stated above, there are reasons to believe that the Excellence Model creates an ideal tool to start with, respectively to be further adjusted in a discussion with the project's participants and other stakeholders for the specific purpose of the participating Caritas organisations.

Emphasis on self-assessment is one of the main advantages of the model from the point of view of the **SODA** project. The experts considering a potential of the Excellence Model within the voluntary sector confirm that it provides a comprehensive framework for continuous improvement and an effective diagnostic tool.<sup>5</sup> The Model does not call for any specific structure, fits the purposes of both large and small organisations, and provides enough flexibility for the incorporation of a variety of organisation models and standards, including Code of Conduct, which may be chosen by voluntary organisations or required by stakeholders. The British White Paper on quality in voluntary sector claims that "The Excellence Model may not satisfy stakeholders who are concerned about minimum standards in specific areas, but it can be used to demonstrate organisational competence, its commitment to quality and the pace of its continuous improvement."

The values and principles of the Code of conduct or any similar, crucial document would easily be attached to the framework, mostly as values influencing mission, policy and culture of an organisation. The implemented system should then lead to asking how much these values, principles or rules are translated into an organisation's performance, to which extent they are followed in staff's activities, how much they influence results and whether there could be found any reasonable set of indicators to monitor an organisation's commitment to the values. Of course, some intangible issues are extremely difficult, costly or impossible to measure. One could try to identify some indirect indicators providing a basis for further interpretation.

The framework promotes and motivates, especially if staff members are properly involved. Its philosophy requires the leading role of managers at each level and promotes their management skills. Alignment of policy, strategy, initiatives and activities is a crucial point from the view of the goals of the **SODA** project, emphasised by the self-assessment as a tool for active involvement and participation. That should bring another fruit in strengthening the team and internal communication. The last, but not least advantage is seen in good practices

exchange among the participating organisations. In the later stages this might be even underlined by attempts to a comparison to the achievements of the others. That could promote sharing more inspiration and experience among the Caritas organisations.

There can be found also some risks of using the Excellence Model to which the **SODA** project has to pay enough attention. The experts working on the mentioned White Paper saw the disadvantages of the Excellence Model in a business-orientated language and values not consistent with ethos and principles of charity organisations. Some of these organisations might find it difficult to translate some of the criteria into the frame of their operation, e.g. business results, customer satisfaction. As the Model does not provide any prescriptive rules, the relation between the framework and standards is rather vague, flexible and does not bring concrete guidance in a form of easy ticking items to be checked. It requires own initiative and leaves the concrete solution up to each institution taking into account their individual situation. That may make acceptance difficult especially for those in services, in particular considering the emphasis on measurable results and indicators.

The model does not propose any formal accreditation, although it enables scoring and benchmarking.

The benefit of the **SODA** project might be thus in learning from the principles of the Excellence Model, using it as a source of inspiration for further common work and focus on translating its criteria into a tool respecting specific conditions of individual Caritas organisations and the nature of their work. A joint effort within the project should allow participants to seek an adequate solution for design and implementation of their internal system in mutual discussion and inspiration by others.

There are obviously other questions concerning how acceptable and how realistic building on such a framework would sound to CE member institutions. What would their local requirements be like? How many common elements could be found for organisations from different countries, different cultural environments, etc? But one of the main questions though what the general purpose of the project is and who should benefit from it primarily?

## V. Proposals for further development

The following proposal reflect a SODA project process proposal as approved by the CE Executive Board in December 2001. As stated before, the process and its outcomes should be "owned" by the CE member institutions, in particular by those directly participating. Therefore the final decision should reflect the outcomes of the discussion of the working groups, CB liaison persons and particularly project participants. Some of the questions raised in the Annex 1 should be probably discussed with an involvement of a wider range of Caritas Europa and its member organisations' representatives.

1. To develop detailed implementation plan of the **SODA** with a strong emphasis on the ownership of project participants.

**During the 1<sup>st</sup> Organisational Development workshop, June 5-8 2002**

2. Prepare in consultation with Capacity Building Working Group (CBWG) and representatives of individual members a methodology including a range of relevant questions as a tool assisting in self-assessment. Methodology will be based on principles of the Excellence model and translated into the more concrete environment of Caritas Europa members.

**Until 2<sup>nd</sup> Organisational Development workshop , November 12-15, 2002**

3. Develop and apply methodological instructions for system implementation/self evaluation, instructions for data collection and their analysis, best practice examples and cases.

**January 2003 – December 2004**

4. Based on the outcomes and findings of reflections of the participating institutions and wider discussion within Caritas Europa (CBWG, representatives of members, Executive Board) discuss possibility of formulating a limited set of common standards for management and organisation including projects' management.

**2005**

5. To consider further development - ways of use of strategy, methodology for self-assessment, its verification, peer group review or accreditation.

**2005 - 2006**

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## Annex 1 - Questions for discussion

The following list of questions should assist in tailoring the further process of **SODA** introduction and implementation.

1. What would be your main expectations from the **SODA** project?

(Please check)

- Improved quality of work
- Comparability of different member organisations within CE
- Clear picture of future development
- Standards on managing organisation/project
- Other (please describe)

2. Is there a potential for development and benefit from a common quality framework within Caritas Europa?

- Yes
- No

Why?

4. General comments to the Discussion paper:

3. Would you like to participate in **SODA** workshop<sup>1</sup> in June to get more information?

- Yes
- No

Thank you for the co-operation. Please return this form to [dhradcova@caritas-europa.org](mailto:dhradcova@caritas-europa.org)

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<sup>1</sup> Objectives:

1. To build the ownership of SODA project among participants.
2. To clarify the concept and principles of the organisational development and quality management.
3. To introduce and practice methods of the self assessment

Each organization representatives will also have the opportunity to use the on site consultancy support from the field experts between the workshops. Workshop will be held in Prague June 5-7, 2002.

## Annex 2 - Terminology

There have been many complaints about terminology which had been mostly derived from theory serving the world of business and business purposes. However, the principles apply to the non-profit and voluntary sector, as well. There is not much to do about the terminology, therefore a brief introduction of terms should be quite useful. Yet, keeping in mind the previous statement about potential (non)acceptance and disturbance of such terms in Caritas Europa member organisations, there is an intention to minimise the use of these terms in the text, while providing the proper message to potential readers. A brief glossary on terms used might be helpful. Most of the definitions - unless indicated otherwise - have been adopted from the English "White Paper" on quality in the voluntary sector (1998)<sup>5</sup>.

**Accreditation** is a process whereby an organisation's products or processes are certified or guaranteed as meeting a prescribed set of standards by an external body.

**Benchmarking** is a process of identifying the best practice to provide the basis for comparisons between similar functions, e.g. effectiveness of fundraising, in other institutions.

**Code of conduct** "is a formal statement of the values and business practices of a corporation. A code may be a short mission statement, or it may be a sophisticated document that requires compliance with articulated standards and have a complicated enforcement mechanism. As business becomes globalised, companies are being encouraged by interest groups, governments, educational institutions, industry associations and others to adopt codes of conduct."<sup>12</sup>

**Effectiveness** is the degree to which the objectives of the product, service or process are fulfilled.<sup>3</sup>

**Efficiency** is a measure of how well the resources are used to produce achievements and results.<sup>3</sup>

**Organisational development** - is a discipline dedicated to improve organisations and people working in them, through the application of a process of change planned to face successfully the changing demands of the environment they live in. In Caritas Europa Capacity Building Framework is Organisational Development described as an elaboration of management structures, processes and procedures, not only within organisations but also in relation between different organisations and sectors (networks in the community, governmental relationships, management of financial resources etc.)

**Quality** is a degree to which a product, service or process meets or exceeds the requirement which have been agreed with stakeholders. Another, short expression for quality by one of gurus of quality, Joseph Juran, is that "Quality is fitness for purpose". Instead of these traditional definitions, there may be found another one "Quality is elimination of waste" more acceptable in the voluntary sector as it focuses on proper use of resources (time, work, energy, goods, money). It is client-oriented and respecting stakeholders as it contains the prevention of wasting efforts and resources on a wrong service or product, or their irrelevant design and/or delivery.

There is an important difference between the business world and the voluntary sector as concerns quality. The latter one lacks the ultimate indicators of success, e.g. profits, return on investment, etc. to measure its achievement. On the contrary, many charity organisations deal with clients, who do not pay for obvious reasons for the received service directly themselves like in market conditions, but who in many cases have a limited opportunity to express the level of their satisfaction. There could be situations where the charity organisation is the only one providing the needed service and there are no other options for choosing service (assistance) even if the users are not satisfied. In other cases there are "silent" clients, e.g. elderly people, mentally ill people, children.<sup>5</sup>

Unlike the business world and markets powers is also the situation concerning financing. The subjects funding the service or product differ in most of the cases from the end-users. Therefore, the organisations have to consider meeting requirements of a wider range of subjects - stakeholders.

**Quality framework** is a set of procedures to facilitate a rigorous, consistent and comprehensive approach to quality management in the pursuit of continuous improvement, e.g. Excellence Model (see Chapter Excellence Model).

**Quality management** is the process of ensuring that quality principles are put into practice throughout an entire organisation.

**Quality standard** is a predetermined means of measuring the quality of function or process. As Hugo Slim (1999)<sup>3</sup> points out "standards must be set, met and checked", and should be reviewed and changed if found irrelevant and inappropriate. There are distinguished to be either product standards or process standards. The first ones are easier to measure as they concern some concrete characteristic of a product, e.g. requirements on water cleanness and maximum content of insurants in water. The latter represents a prescribed sequence of a process' steps with more variables and requires a good deal of thinking to find some relevant and simple way of monitoring, e.g. dealing with clients in housing advice. The risk is that such monitoring provides often misleading or irrelevant information, focuses mostly on outputs, rather than on outcomes and impacts as these are much more difficult to measure.

The White paper (1998) provides a good example of differences between the three categories. "For example in relation to housing advice, output measures could be numbers of people advised per day or how many times the phone rings before it is answered. Outcomes may be the numbers who were found accommodation compared with the total who were seeking it. Impacts might be a better use of available accommodation and a reduction in street homelessness. Generally speaking, impacts are the most relevant but the hardest to measure. Outputs are the easiest to measure but are often doubtful measures of overall objectives."<sup>5</sup>

**Self-assessment** is a comprehensive, systematic and regular review of an organisation's activities and performance conducted by its management committee or employees.

**Stakeholder** is a person, group or organisation who has a legitimate interest in the activities of the body and can place a claim on an organisation's attention, resources or output, or is affected by that output. These may include funders, contractors, suppliers, users, beneficiaries, local authorities, governmental institutions, taxpayers, the governing body, employees, unions, etc. In the case of Caritas Europa members the church is a crucial stakeholder. For the CE member organisations benefiting from the support of other CE members, a range of stakeholders will also contain these donors - and vice-versa.

**Strategic planning** is defined as "a disciplined effort to produce fundamental decisions and actions that shape and guide what an organisation is, what it does, and why it does it". Strategic planning is designed to help leaders and decision makers to think and act strategically. Strategic planning is designed to help public and non-profit organisations respond effectively to their new situations, to produce fundamental decisions and actions shaping the nature and direction of an organisation's activities within legal bounds. These decisions typically concern the organisation's mandates, mission and product or service level and mix, cost, financing, management or organisational design.

## **Annex 3 - A brief summary of criteria within the Excellence Model**

*EFQM, Brussels*

### **Criterion 1 - Leadership**

- Leaders develop the mission, vision and values and are role models of a culture of Excellence
- Leaders are personally involved in ensuring the organisation's management system is developed, implemented and continuously improved
- Leaders are involved with customers, partners and representatives of society
- Leaders motivate, support and recognise the organisation's people

### **Criterion 2 - Policy and Strategy**

- Policy and Strategy are based on the present and future needs and expectations of stakeholders
- Policy and Strategy are based on information from performance measurement, research, learning and creativity related activities
- Policy and Strategy are developed, reviewed and updated
- Policy and Strategy are deployed through a framework of key processes
- Policy and Strategy are communicated and implemented

### **Criterion 3 - People**

- People resources are planned, managed and improved
- People's knowledge and competencies are identified, developed and sustained
- People are involved and empowered
- People and the organisation have a dialogue
- People are rewarded, recognised and cared for

### **Criterion 4 - Partnerships and Resources**

- External partnerships are managed
- Finances are managed
- Buildings, equipment and materials are managed
- Technology is managed
- Information and knowledge are managed

### **Criterion 5 - Processes**

- Processes are systematically designed and managed
- Processes are improved, as needed, using innovation in order to fully satisfy and generate increasing value for customers and other stakeholders
- Products and services are designed and developed based on customer needs and expectations
- Products and services are produced, delivered and serviced
- Customer relationships are managed and enhanced

### **Criterion 6 - Customer Results**

- Perception measures
- Performance indicators

### **Criterion 7 - People Results**

- Perception measures
- Performance indicators

### **Criterion 8 - Society Results**

- Perception measures
- Performance indicators

### **Criterion 9 - Key Performance Results**

- Key performance outcomes
- Key performance indicators

## **Annex 4 - ISO (International Standard Organisation) standards**

ISO 9000 series of standards is described as the "internationally agreed set of standards for the development and operation of a Quality Management System."<sup>15</sup> It is a world wide recognised system serving as a tool for mutual recognition of quality among different suppliers with strict procedures for the verification of adequacy of a company's adherence to set standards and procedures. The model is based on the identification of main processes within an organisation's system including internal links and relations to partners, their description ("standardisation") and a prescription of procedures to check whether these rules are followed.

There are requirements on the documentation of the main range of 20 functional areas from marketing and design up to production, delivery and service. It specifies a number of documents the company has to have and their hierarchy, including quality policy, quality manual, process documentation and evidence of changes and adjustments. These documents cover the designed internal system by a description of key processes and requirements within an organisation to the extent considered to be crucial for the coherent performance. The philosophy is based on the idea that a stability and adequacy of an organisation's performance is brought by strict following these rules. Therefore an important aspect of the system is its (internal and external) auditing in order to review adequacy of such internal standards, to assure that the system is complex enough and followed appropriately. External certification (ISO certificate) by an external independent body is a confirmation that the auditors found the system appropriately designed, followed and meeting the requirements of the ISO 9000 standards.

The main criticism concerns a strong tendency to over-bureaucratise an institution's system and the lack of elements calling for improvement and further development. Due to its requirements the model is vastly used, quite often as the first step in building an internal complex system, and due to its wide recognition by business customers is a must for many suppliers. The critiques resulted in a new adjusted model which reflects trends towards improvement as introduced by the other one, the Business Excellence Model.