Solution Forest
Growing Individual Solutions

Review for the NFP Productivity Commission 24th **November 2009**

This review is a collaborative effort by **Solution Forest Pty Ltd**., a young ICT consulting company specialised in the not-for-profit sector, and **UnitingCare Wesley Adelaide.**

The Draft Research Report is an extensive and impressive document aiming to substantially improve the not-for-profit sector with the provided recommendations. The focus of the report is the sector itself, leaving some important issues and challenges faced by not-for-profit organisations unconsidered or only superficially mentioned. Based on our experience working with numerous not-for-profit organisations, the following issues are crucial for these organisations but also for the sector as a whole:

- Processes are labour intensive and predominately manual/paper-based
- We are aware of no comprehensive/reliable system of Key Performance Measures and Benchmarks for the sector, a particular problem existing in respect of ICT Departments in not-for-profit organisations. Utilising for-profit ICT Benchmark systems would be misleading due to the unique set up in terms of services, funding, infrastructure and staff of ICT Departments in not-for-profit organisations.
- Not-for-profit organisations each have to deal with numerous information and reporting systems mandated by governmental and other funding bodies and must try to integrate them into their technical infrastructure. The large number of information systems (50 - 100 distinct systems within a single not-for-profit organisation is by no means uncommon) requires a heroic data management and integration effort. Staff must typically enter the same information in multiple information systems to comply with the requirements of the different government and funding bodies with which they work. An overall and comprehensive system which captures all data and which interfaces with these individual systems is a rarity but could, in principle, provide many efficiencies for staff, the organisation and the sector itself.
- Not-for-profit organisations are increasingly considering adopting electronic document and records management system (EDRMS) as a result of the ever-growing, stringent requirements for records keeping. Many organisations simply purchase an expensive EDRMS and expect that it can be integrated easily within the organisation. The implications of organisational change processes, staff reaction and acceptance are often not considered within the decision process. In most cases the EDRMS implementation will, for all practical purposes, fail if the essential preparatory work has not been conducted. Defining a common thesaurus within the organisation (and ultimately for the whole sector) is crucial for a successful EDRMS implementation. UnitingCare Wesley Adelaide and Solution Forest Pty Ltd have been working on developing a thesaurus which effectively reflects the requirements of a not-for-profit organisation. Various other not-for-profit organisations are currently considering adopting this thesaurus.

We perceive the recommendations from the Productivity Commission very positively and believe that they will help shape the not-for-profit sector. The only concerns we have are:

- ICT-related issues are not adequately represented within the recommendations. This is an area we know many not-for-profit organisations struggle to manage. An example of this is the recent change in Mircosoft's Licensing structure (and significantly increased charges) for not-for-profit organisations

- Intrinsic motivation is an important factor for the not-for-profit sector since many people perceive working in this sector as their vocation. Tougher requirements for funding and records keeping, cumbersome processes, inadequate technical support and increased workload are having a very significant negative impact of the intrinsic motivation of staff and volunteers. Explicit consideration of this issue in framing all recommendations would be appreciated.

- So far, recommendations do not address consolidating the existing information systems and reducing redundant work processes for not-for-profit organisations. Such an effort would benefit the sector immensely to the extent that streamlined and consistent information exchange can be facilitated.

- The common framework for measuring the contribution of the not-for-profit sector is a good start but we are concerned with both cost and practicality - many individual not-for-profit organisations do not or already struggle to measure their own performance. We recommend:

    o Supporting not-for-profit organisations by improving their measurements capabilities before targeting the whole sector.

    o Consider a "sampling" rather than a comprehensive approach to data gathering. Sampling for statistical reliability is well understood. We suggest that, even were the government to bear the whole cost of this exercise (including that of data gathering), overall costs to government would be less than the costs of integrating, managing and analysing a comprehensive data set.

Sincerely,

Dr Nhiem Lu