

Organizational Sustainability: The Three Aspects that Matter

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The Essence of Sustainability

Organizational theories abound and never more so than in the world of international social and economic development. This paper represents a quarter century of experience in the non-profit, non-governmental sector, where achievement of social or economic improvement in some aspect of the human condition is the ultimate purpose of an organization. This type of achievement, rather than maximizing financial profits and minimizing financial losses, is the *raison d'être* of such organizations. Non-governmental, civil society, humanitarian, self-help, social research organizations and networks, and similar types of purposeful groupings of people bound in a common social mission are the ones that will benefit most from the concepts and principles expressed in this paper.

Sustainability means continuation. For an organization, it means that it has the elements necessary to carry on and constantly enhance its activities in pursuit of a defined mission. It thus has both a defined mission and some combination of goals and objectives, the attainment of which ensures the successful pursuit of the mission. Sustainable organizations are not necessarily financially self-sufficient entities. Most organizations will never be able to carry out their missions with their own income. However, sustainable organizations are **financially self-reliant**. Through short-, medium and long term planning, competent and sufficient management and staff, visionary leadership, staff commitment to the organization's mission, grantsmanship skills, networking skills, an ongoing strategic planning process and a positive attitude among staff, they know what resources are available, or potentially so, how they will pursue them, and constantly seek diversified funding sources as they focus on their mission in all that they do.

Organizational sustainability represents an **ongoing process** rather than a state of perfection. It is like a plant: it will grow and prosper if watered and cared for, but wither quickly if it is not. Furthermore, organizations are like a body: if one part is ill, the rest will not function like it should. If too many parts fail at once or in quick succession, the body dies. So keeping an organization sustainable requires a constant effort and unity of purpose focused on one overarching mission. Every staff member and manager must see both the forest and the trees or the organization becomes entangled in the underbrush.

The Three Key Aspects of Organizational Sustainability

A sustainable organization needs to be strong **institutionally, financially and morally**. It needs all three in equal measure. Not even exceptional strength in one can overcome weaknesses in the others.

Institutional Sustainability

A sustainable organization has a **mission**. A mission statement provides a succinct definition of why the organization exists and what it hopes to achieve. Based on that mission, a sustainable organization has a **process** in place to develop **strategic plans** that define how the organization will carry out its mission over a set period of time, such as three, four or five years. Strategic plans usually define a set of goals and objectives that concretize the results that the organization expects to achieve by the end of the planning period. Even better, many strategic plans generally define annual sets of goals and objectives that lead logically to the achievement of those of the strategic plan. The plans also generally define the activities they will carry out to reach them from year to year, the resources (human, financial) they will need to do so and how the organization plans to acquire those resources. Again, a strategic planning process enables an organization to see around corners in general terms. It provides a pathway, alterable whenever it appears necessary, a fluid instrument for pro-activity.

An **annual planning process** is another characteristic of a sustainable organization. Annual plans are based on the strategic plan and are precise definitions of the annual goals and objectives (what the goals/objectives are in terms of what your desired end result is, how you know you are making progress toward it and how you know when you have reached it) and the activities you plan to carry out to reach them. An annual plan also defines the resources needed to carry out the activities in specific terms and how these resources will be obtained. Consequently, a sustainable organization produces both an **annual plan** and **annual budget**.

Note that sustainability depends more on process than plan. Sustainable organizations are **proactive**, but **simultaneously flexible**. The world changes constantly and the organizational context along with it. Opportunities come and go, as do threats. Sustainable organizations are alert enough to react to new realities and modify their plans so that they can be proactive again within a new context. At the same time, no organization is perfect and all-seeing. A sustainable organization allows for, and is understanding of human error, and has the process it needs to make modifications to control damage, regroup and find its strategic direction again.

Once the planning processes are in place, an organization then organizes and directs, ensuring the most efficient use of resources to carry out the organizational mission. This **management process** involves taking activities, dividing them into tasks that someone needs to carry out, grouping tasks into jobs or positions, organizing the positions into organizational subdivisions, and developing a chain of command and/or work teams. Staff is hired, trained and set to work. Equipment is procured, supply systems are set up

and managed, policies and procedures are developed and modified as needed, staff interaction mechanisms (e.g., meetings) are organized, staff training and development activities are set up. Over all of this, management is constantly **monitoring and evaluating** the work rhythm, staff production, equipment and supply use to ensure that it all constantly contributes to the meeting of the organization's goals and objectives, both for the year and for the strategic plan.

Financial Sustainability

Of equal importance to institutional sustainability, financial sustainability is the fuel that drives the institutional motor. Without financial sustainability, it will be impossible to hire the staff or purchase the equipment or supplies needed for the organization to carry out its mission. The first section of this paper stated that sustainable organizations need to be self-reliant but not necessarily self-sufficient. Stated more precisely, a sustainable organization needs to know what financial resources it is able to generate through its own income, what it has on hand at any given time, what it needs over the long, medium and short-term to carry out its activities, how it will gather the resources it needs from other sources of funding, and what those other sources could be. This is **organizational self-reliance**. A self-reliant organization probably needs resources other than its own to carry out its mission, **but does not compromise its mission and take on activities purely because a potential funder is looking for particular types of activities and will not fund anything else**.

A financially sustainable organization has two sets of skills: grantsmanship and financial management. **Grantsmanship** refers to the capacity to market the organization's capabilities, communicate its mission, understand the requirements and missions of funders, and, when management determines what funds to pursue, writes proposals or fills out forms in due and proper form, submitting them within stipulated deadlines. **Financial management** refers both to the ability to project resource needs and to account for resources in hand. People skilled in grantsmanship keep a flow of resources moving into the organization; people skilled in financial management ensure that these resources, together with the organization's own, are used efficiently (carefully managed expenditures, accurate tracking and reporting, minimal wastage, realistic projection). The strategic and annual planning processes assess the need for individuals with these skills, and management ensures that sufficient staff with these capabilities are hired and working productively.

One essential principle of financial sustainability is that sustainable organizations do not depend entirely on outside resources. They first ensure that they are maximizing their own income before they assess the degree to which they must seek outside funding. If an organization is a membership organization, it has mechanisms in place to ensure that dues are as high as they can reasonably be and that these dues are regularly and fully collected. If an organization derives its income from the sale of publications or other items, it has a transparent process for pricing these items, marketing them, and collecting and using the proceeds from their sale.

Moral Sustainability

This aspect of sustainability gets to the essence of what makes an organization work. We can compare institutional sustainability to the body and brain of an organization. Financial sustainability is the blood that nourishes it. But moral sustainability is its very soul. Like the soul, it is intangible. Yet it is as important to an organization's sustainability as the soul is to our very existence as living beings.

Simply stated, an organization is morally (or philosophically) sustainable when:

1. The organization's leader has a **clear vision** of, and **commitment** to the mission, and **communicates** it effectively to all staff.
2. Staff rally around the leader and become **committed** to it as well.
3. Staff feel that their **commitment** to the mission is rewarded by career development opportunities, adequate compensation and a dynamic work environment that allows each to use his or her capabilities for a greater good.
4. **Morale is high** as a result. The general feeling is that **problems are challenges** that staff will overcome with **unity of purpose** and strength of commitment.
5. Leadership, management and staff not only **act ethically, but are also perceived as doing so.**

This final point is critical. Organizations can go for a long time while staff at any level are engaging in ethically questionable practices without being detected or sanctioned. Over time, however, word will get out. Staff will become uncertain and morale may fall. Clients and partner organizations may rely less on the organization and reduce or cease their collaboration. The press and the public may eventually become aware of this situation and cause considerable damage to the organization's reputation beyond the organization's ability to control the damage. Thus a sustainable organization would have a clear code of ethics applied to all staff from the top down, a monitoring system that keeps everyone vigilant, a clear communication chain for reporting violations and a specific set of sanctions that are well known to everyone. Finally, leadership will have the will and determination to carry out sanctions as a deterrent to those who might otherwise behave similarly.

In Conclusion

It takes sustained effort on the part of every staff member to make an organization sustainable. Leaders have the responsibility to create a vision, articulate it and communicate it. All staff constantly contribute to giving form to the vision through a definition of a mission and the development of plans. Everyone, then, is always developing activities that meet goals and objectives of these plans, monitoring and evaluating them, alerting each other to changes in their environment that provide opportunities and/or bring forth threats and guarding against unethical behavior. There are no shortcuts – sustainability is a never-ending organizational initiative.