CNPOs and agility: Expanding the conversation

In recent years, charities and not-for-profit organizations (CNPOs) have been assailed by a range of shifting market forces that are altering the way they operate. Just as Canadian charities have seen a steady decline in donations, associations and clubs have seen their membership rates dwindle—trends that are hampering CNPOs’ capacity to meet their mandates.

In light of these resource constraints, organizations are under greater pressure to become more agile. Agile methodologies were originally developed to streamline software development—a task characterized by unpredictability, last minute changes and shifting stakeholder demands. Originally, “agile” referred to a set of methods software developers could use to respond to change in this uncertain environment. These methods emphasize close collaboration between developers and their ultimate stakeholders; focus on delivering incremental value; and feature daily meetings where team members can share both successes and challenges.

Although their genesis is in the software space, agile methodologies are now being adopted by organizations of all sizes, across all industries, as a way to respond rapidly to change and attract a new generation of in-demand talent. Agile organizations typically share five characteristics: i) they have a clearly defined agile strategy, ii) they operate in a non-hierarchical structure, iii) they are committed to rapid iteration and continuous learning, iv) their people are comfortable innovating and taking risks, and v) they are enabled by leading technology.
A blueprint for agility
As noted in our July 2018 thought leadership piece, CNPOs and agility: How to remain nimble in today’s shifting landscape, some CNPOs have begun integrating agile methodologies into their operations. In that paper, a group of CEOs from successful organizations discussed how they are using agile methodologies to inform their approach to strategic planning, innovation and the maximization of limited resources.

This paper builds on those insights, with a particular focus on how organizations, particularly CNPOs can adopt agile structures and teams. In two roundtable events that took place in western Canada in September 2018, C-level executives from preeminent CNPOs discussed how to move the needle forward in their quest to become more agile.

Although there is no one-size-fits-all approach to agility in the CNPO sector, our roundtable participants seemed to agree that a cultural shift is in order. Ultimately, agile methodologies revolve around an organization’s ability to continually innovate, experiment and test new ideas—and quickly discard those that fail. Similarly, agile teams must be comprised of self-motivated people willing to collaborate, iterate and work incrementally to meet their stakeholders’ evolving needs.

While many of these skillsets are not native to Canada’s organizations, our roundtable participants shared several strategies teams can adopt to close these gaps. Notably, CNPOs already possess one essential feature of agile organizations—an unflagging focus on meeting their client and member needs. The key now is to build on this foundation by using their structure to achieve their strategic purpose and injecting agility into their talent strategies.

Get strategic with your structure
CNPOs have a bit of a perception problem. As one CEO noted, the public at large tends to view these organizations in a romanticized way inconsistent with current realities. Charities are frequently seen as pitiful, primitive and possessing limited resources and capabilities—an image that can be perpetuated by their ongoing appeals for funds. For their part, not-for-profits are often perceived as traditional and one-dimensional.

Although these perceptions may not be accurate, it is true that many organizations do consider themselves victims of their own structures. Rather than approaching their legal and organizational structure as a strategic tool they can use to help achieve their purpose, many organizations believe their structures hamstring their innovation efforts, preventing them from becoming truly agile.

To be sure, CNPOs do operate under certain legal and tax constraints. Charities can only engage in activities that fall squarely within their approved charter, while not-for-profits are prohibited from generating bottom line gains. Yet, organizations focused on becoming more nimble have come to recognize that it is not their legal structure that should dictate their purpose. Instead, their purpose should guide their structure. That means that, as times change, organizational structures can change as well.

This is especially true in Canada where CNPOs can be structured to achieve their strategic purpose. Some organizations have taken advantage of this opportunity by including multiple entities—such as for-profits, business trusts and other legal entities—in their structural mix. Others operate parallel foundations, with one focused on fundraising and a second on long-term investment management. Still others select governance structures designed to help them attract top-tier talent.

Regardless of the structure you select, one thing is clear: to manage the inherent complexity of operating a multi-entity organization, it is essential to get the positioning right. For instance, organizations with two boards must ensure both are aligned in their strategic thinking and that one board is ultimately accountable to the other. Roles and responsibilities should also be clearly defined, as should rules around board membership.

Although challenges exist, our roundtable participants agreed that flexible structuring allows organizations to respond more rapidly, attract coveted expertise and accomplish results that would be unattainable under traditional structures.

That’s why organizations serious about operating more agilely must assess whether their current structures are sufficiently dynamic to help them achieve their strategic goals or are simply holding them back.

Building agile teams
When it comes to identifying agile organizations, most people point to companies like Amazon, Apple, Facebook, Google and Microsoft. According to Steve Denning, a leadership and innovation consultant and author of several business management books, including The Age of Agile, this is because these organizations “… are connecting everyone and everything, everywhere, all the time. They are capable of delivering instant, intimate, frictionless value on a large scale.”

While it is unlikely that Canada’s CNPOs will become the next Amazon, many are becoming increasingly sophisticated and running more like for-profit businesses. Unlike in the past, today roughly 45 percent of CNPOs’ revenues come from earned income.²

To move farther along this path, however, organizations will need to build more agile teams. In line with agile methodologies, this would see work done in small autonomous cross-functional teams, in short cycles and on relatively small tasks, with teams receiving continuous feedback from their ultimate stakeholders.

The organizations that have begun to operate in this fashion are already realizing measurable results. By working in agile teams, several roundtable participants significantly shortened their project delivery timeframes. One organization reported implementing a new technology platform inside of one month. Another was able to test, modify and fully implement a new program initiative within three months. One organization even amalgamated a merged group of entities into several cross-functional agile teams which, together, successfully converted 12 different general ledgers and charts of account into a single new online system in less than one year.

As an added bonus, agility does not require a wholesale organizational transformation. In fact, our roundtable participants noted that it is possible to achieve these results with very few agile teams—or even just one. The key is to ensure these teams are formed by senior leaders committed to working together on project tasks, while soliciting regular stakeholder feedback.

This approach differs from a traditional steering committee in that it requires leaders to free up their time by delegating some of their day-to-day responsibilities to trusted staff members. Notably, leaders who participated in these agile teams reported enjoying the opportunity to collaborate in a non-hierarchical and hands-on manner, and found the more regular interaction with stakeholders especially rewarding.

Admittedly, organizations with limited resources may struggle to achieve this level of agility. Good talent can be costly and difficult to attract for organizations operating on limited budgets. However, as one CEO noted, if the need to transform is urgent, organizations may benefit from hiring fewer junior staff members and using freed up resources to hire the senior-level talent necessary to help jumpstart this shift. This may be particularly beneficial for organizations that have not renewed their talent strategies in recent years, resulting in an over-reliance on staff who possess a wealth of legacy knowledge but who may struggle to embrace more agile, nimble or flexible working environments. Regardless of the ultimate solution, it is apparent that, as Canada’s CNPOs adopt more agile structures, talent management issues will remain top of mind.

Average is over
There is no doubt that leading CNPOs are moving the bar forward on organizational agility. In a bid to attract and retain high-performing talent, knowledgeable board members and new funding, they are structuring their organizations more strategically and forming more agile teams.

Some are working to publicly position themselves as more innovative organizations by sharing these changes with donors, members and other stakeholders. Others are simply quietly altering their inner workings on the assumption that most donors and members are unconcerned about what happens “behind closed doors” once an organization is established and has earned basic trust. Either way, most organizations agree that what stakeholders truly care about are how funds are being invested (e.g., in ethical sources), what initiatives are being funded and what outcomes the organization is realizing as a result—disclosures that can only be bolstered as organizations become more agile.

In a world where average is over, that move towards greater agility will become increasingly imperative for CNPOs that want to avoid stagnation or decline. Rather than being trapped in a vicious cycle of resource constraints, organizations willing to revisit their structures, shift their team environments and discover the advantages of failing fast will likely find themselves in a virtuous circle of excellence and growth.

If you’d like to learn more about how your CNPO can position for the future by becoming more agile, visit granthornton.ca or contact us at

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