



## Surviving the Squeeze – How small NGOs can thrive in the current climate

### The Current Context

*“ While the sector has experienced extraordinary levels of change over the past fifteen years, it has also grown, diversified and, in some respects, matured as an industry. The requirements of the sector are now far more complex and its characteristics less homogenous. The emergence or consolidation of large. State-wide/national providers, the contraction of funding to favour these organisations coupled with high compliance costs, greater accountability and competition mean that the NCOSS membership, and much of the sector, comprised predominantly of small NGOs, is under high levels of stress.*

*Some of the key features of the human services NGO environment at present include:*

- *Increased outsourcing of government services to the sector and associated risk management issues*
- *The ‘Building Capacity’ focus of government*
- *Increased interest in social capital, civil society and the role of NGOs*
- *Weak links between research, policy and practice expertise*
- *Increased focus on NGO accountability by government and the private sector*
- *Conflation and confusion between accountability and control by government*
- *High compliance costs relative to the funding levels of most NGOs*
- *Relatively poor wages and conditions*
- *A reactive rather than a proactive culture*
- *Serious and growing retention and recruitment issues*
- *Ongoing impacts of competition and funding policy on sector viability*
- *Lack of long term planning and vision within the sector “*

(excerpt from NCOSS Sector Development Strategy 2007 - 2010)

## **Strategies for Small NGOs**

Given the above somewhat daunting scenario it is not surprising that much discussion within small NGOs<sup>1</sup> is around the matter of survival. Yet inherent in the challenges created by the context in which they operate is the opportunity to develop strategies to surmount them. What are some of the factors that can enable these organisations to thrive?

### **Create a niche in the service provision sector**

Unlike larger organisations, a small NGO cannot generally provide multifaceted services effectively. It is valuable therefore for small organisations to focus on what they do really well and to specialise in this area. For example, in the disability sector, a service may focus on those with a dual diagnosis (mental health and disability) and develop expertise in this area. Often these clients fall through the cracks of the competitive tendering process and government departments then seek a service that can provide a more unique and tailored service for particular individuals. Alternatively, a counselling service may develop expertise in working with adolescent boys or for a particular cultural group.

### **Adapt to changing needs**

One of the great advantages small organisations have over large ones is their capacity to move very quickly as circumstances changes. They do not have large bureaucracies through which the decision making processes must progress. Small NGOs can therefore keep abreast of changing needs and adapt their programs as required.

### **Develop an active and involved membership**

Many small NGOs feel threatened that they will be 'swallowed' by larger organisations in a climate in which government funders may find it easier to deal with a smaller number of larger service providers. In these circumstances, an active and involved membership comprised of interested stakeholders can be helpful. Members can include service users, their families and friends, representatives of the local business and members of related service providers. This involves using a community development approach which conceptualises the organisation as a 'community of interest'. It is much harder to pressure an organisation to amalgamate when it has an active and interested membership. Engaged and carefully trained volunteers can also be extremely helpful but it is essential to ensure that proper training and support processes are in place.

### **Develop strategic partnerships**

There are times when a project is simply too large for a small NGO to manage on its own. In these circumstances, it may be useful to develop a strategic

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<sup>1</sup> Small NGO is defined as less the 15 FTE staff.

partnership with a related organisation so that a joint submission can be developed. Issues of governance and accountability will of course need to be negotiated and agreed upfront.

**Share services with other organisations**

Small organisations frequently do not have the funds to obtain a wide range of critical skills and resources for their service. In such circumstances, it makes sense to share resources with other services – either that that are geographically close, that share similar purposes or have similar needs. For example, a group of services may purchase a bus or car. Another group may employ a package of Information and Communication Technology support collectively or they may collaborate in developing a specific policy. It may also help to develop shared purchasing arrangements with other service providers so you can achieve discounts via bulk purchasing.

**Participate in the activities of regional and sector peak bodies**

Often small organisations do not have the resources to participate in sector-wide issues...they are so busy just managing on a day-to-day level. Nevertheless, it can be extremely beneficial to join in with the work of a relevant peak body to promote your organisation's interests at the state level. It is important to make strategic choices about the meetings and forums you attend to ensure that your participation adds value for your service and client groups, instead of simply taking time.

**Ensure a responsive and creative workplace**

In the same way that a smaller service can be responsive to changing community needs, it can also be responsive to creative ideas from employees. Ensure that there are avenues for staff members to have input into the ways in which the work is carried out and how this might be changed for the better. Workers who feel that they have some control over the work they do are likely to be far more engaged and loyal. It is important for decision making processes to be collaborative so that the voices of employees can be heard. This requires effective and open leadership.

**Maintain effective relationships with funding bodies**

It is always critical to maintain effective relationships with key contacts within relevant government departments or other funders. Courtesy visits are helpful whenever there is a change in personnel so that you can personally give the representative a brief history of the service, the funding program and any current issues. Ensure that reporting deadlines are met and that relevant criteria are addressed. If there are any key changes within the organisation, or if it is possible that there may be difficulties in achieving the expectations within funding agreements, contact the funding body pro-actively so that the situation can be resolved co-operatively.

### **Develop relationships with educational institutions**

One of the important issues that affects the sector is the disjunction between theory, policy and practice. Practice is seldom evidence-based and key workers may not be up to date with current trends in the field. One of the easiest (and cost-effective) ways of ensuring that this matter is addressed is the development of relationships with key educational institutions. Students on placement (social work, occupational therapy or youth work for example) are an excellent resource and come with a wealth of current literature as well as access to seminars for supervisors. Often they have the capacity to conduct small research projects which the organisation could not fund itself.

Examine ways to provide on site accredited training such as qualifications endorsed by the Health and Community Services Industry Training Board. The Commonwealth provides funding to Registered Training Organisations to provide training and the State government offers direct assistance to organisations that offer traineeships. There are minimum numbers required for training to proceed and here again it may be useful to develop strategic partnerships. Other staff members, who may not be enrolled in the formal training, can still 'piggy back' on these training programs and benefit from the opportunity to develop new knowledge and skills.

### **Ensure that effective management and governance processes are in place**

Being small is no excuse for shoddy management and governance processes – but it is hard for small organisations to keep abreast of what is required. Resources such as those available on the NCOSS website can be accessed readily. Your regional peak or sector specific peak organisation may also be extremely helpful in this regard. Other organisations that may be useful include employer organisations such as Jobs Australia. Given that governments are outsourcing a large amount of services and the great responsibilities placed upon community service organisations as a result, it is essential to ensure that effective risk assessment and risk management strategies are in place.

### **The case for diversity**

The fact that there are so many small NGOs within the community services sector may have some negative connotations – consistency in service delivery is not assured, some areas may miss out altogether, it is more difficult to ensure effective co-ordination and relationships between government departments and the sector are more complex to negotiate. However, there is also much strength within these organisations, and it is the opportunities inherent in the current circumstances that we can mine to ensure that small NGOs remain a vibrant, creative and effective component of the sector.