

Submission by Dr Nhiem Lu to the Australian Government Productivity Commission's Not for Profit Sector Study

Dear Not For Profit Sector Review,

My comment for submissions on the contribution of the Not for Profit sector in Australian communities is based on my work with various Not For Profit Organisations in South Australia which aims to improve their information management while considering the challenges of change management and organisational transformation in this process.

Solution Forest Pty Ltd is a young consultancy company with a strong background in Information Systems and Business Process Reengineering. Solution Forest maintains a close relationship with the Information Systems Laboratory (InSyL) of the University of South Australia, and is a spin-off of InSyL consisting of former students. Our main clients are Not for Profit Organisations in South Australia and who provide us with interesting challenges as well as great pleasure to work within this sector. A key characteristic of Not for Profit organisations is they desperately require efficient and effective management of information and documents, and are subject to the limitations of restricted resources as well as strict and increasing reporting and information requirements from both funders and government bodies.

A main focus of Not for Profit organisations is people - their clients, staff and volunteers and therefore any attempt to improve the information management of a Not For Profit organisation must consider the impact it will have on it's people. A successful organisational transformation is the key element here and must include:

- informing all involved staff and volunteers about any attempt to improve the organisation's information management and motivate and excite them for this change;
- seeking input from staff and volunteers to involve them in the process of change and to keep them updated;
- clarifying that the changes will be beneficial, not only for the organisation, but also for each individual and that to achieve this, the organisation and each individual has to do their bit.

The implementation of a well designed information systems requires support from both the organisation and staff to be successful. Most (if not all) implementation attempts address the requirements of the involved organisation but often, failure to also consider staff wishes, expectations and expertise leads to unhappy and dissatisfied staff. In For Profit organisations, this approach may still work since staff can be forced to comply with

opposed changes. However this “approach” does not work in a Not for Profit organisation in which staff and volunteers choose to work for as a vocation. Forcing those involved in Not for Profit organisations to change in such a radical way can harm and destroy their intrinsic motivation by changing the perception of their work environment significantly.

Many Not for Profit organisations see the implementation of a new information system as a holy grail to accommodate and solve the problem of the increasing pressure to meet funders and government requirements. They rush out and utilize their available resources to purchase expensive software licenses and hardware equipment, only to later realize that processes to support these are not in place and staff and volunteers are overwhelmed with the sudden changes.

One of the Not for Profit organisations we are working with was considering implementing an Electronic Document Records Management System (EDRMS) to improve its information management. EDRMS is a new “buzz word” which everyone is seeking. Don’t get me wrong, EDRMSs are great and serve their purpose, but if the organisation, in particular their staff, are not ready and well prepared, it is like a owning a Ferrari which never leaves the garage! Our suggestion was to start with an organisation-wide change of their current document management system. Keyword AAA was used to establish consistent naming of folders and files for electronic and paper records for all staff of the organisation. This approach allows staff to familiarize themselves with the concept of an EDRMS, without the hassle and struggle of using one immediately. Changing the document management also means transforming the organisation and its processes which begins at each individual staff. Once this is completed, the organisation is in the position to consider the successful implementation of an EDRMS.

So far our work with Not for Profit organisations has addressed various challenges which both the requesting organisation and the entire sector are suffering from, including business analysis, business process reengineering, development of Key Performance Indicators for the ICT Department, project management, client information management system design and implementation, training and organisational change management. One of our next projects is the development of a benchmarking framework for ICT departments in Not for Profit organisations, allowing them to compare their ICT expenditure and efforts against each other: a task which is not easy to solve because of the unique nature of each Not for Profit organisational structure.

We have encountered many challenges which cannot be solved by an individual Not for Profit organisation and require the collaboration of many Not for Profit organisations, funders and government bodies, especially to provide the desperately required

consistency in terms of reporting requirements, database systems, tendering and funding processes and information. Such a collaborative effort can solve many existing issues within the sectors; issues which smaller organisations in particular cannot resolve due to their lack of resources and knowledge.

Not for Profit organisations must run more and more like For Profit organisations to keep up with all the upcoming requirements, making it difficult for them to be sustainable in this sector. Our goal is to support Not for Profit organisations to become more efficient and effective in terms of their information management without losing their spirit of being Not for Profit nor the motivation of their staff and volunteers.

Sincerely,

Dr Nhiem Lu

Principal Consultant
(28.05.2009)

Ps.: We have attached a paper, written by two researcher from InSyL which highlights the importance of organisational change in the Not for Profit sector. The paper will be presented in the upcoming Bled Conference in June 2009.