Recovery and Beyond: Are you ready for the challenge?

Lessons from the pandemic on charity operating models

With Alex Skailes, Steve Billot, Angela Salt, and David Hole

Centre for Charity Effectiveness
Intellectual leadership: developing talent, enhancing performance

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About the Centre for Charity Effectiveness (CCE)

Inspiring transformation within the nonprofit sector.

The vision of CCE is that of a nonprofit sector leading positive social change. We support the sector to achieve this through the services that we deliver: education, knowledge sharing, research and independent consultancy advice. As one of Bayes Business School’s centres of excellence, impactful knowledge exchange has been at the heart of what we do since our inception over 20 years ago.
CCE in action

Bringing theory and practice together to drive positive social change

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Coached

1000+ senior leaders
100+ CEOs

Global reach
100+ consultancy projects per year

5 master's courses for 140+ working professionals per year

Research that impacts people and communities across the UK and worldwide

Enhanced performance
for hundreds of organisations through education, professional development, consulting, research and knowledge sharing

Engaged with over 7,000 nonprofit professionals in over 25 years of Charity Talks

5 professional development programmes with 250+ delegates per year

100s helped hundreds of senior leaders achieve their goals through leadership development programmes

BAYES BUSINESS SCHOOL
CITY UNIVERSITY OF LONDON
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Steve Billot
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Aims of the Session

■ Looking at the recovery phase and beyond, what is likely to happen?
■ Are you ready for the challenge?
■ What can you practically do?
What typically happens in the ‘recovery phase’ of an economic cycle?
The danger in the recovery phase

- It is well-known that more businesses fail in the recovery phase of a recession than do in the decline phase. I have tried to explain why that has happened in the past.

Decline Phase

- As the economy shrinks some businesses do fail.

- In the first wave the already troubled fail as we have seen with retail.
The danger in the recovery phase

Recovery Phase

- Depleted balance sheets.
- Management is tired and is faced with fresh competition.
- Old business practices.
- Overtrading.
The danger in the recovery phase

Recovery Phase (continued)

- Creditors want to be repaid.
- The new businesses will attract investment.
- They need income to get started.
- The buyers (or commissioner) will be impressed by the price and “try them out”.

The danger in the recovery phase

Recovery Phase (continued)

- Does the “shape” of the recovery matter?
- V shape, U shape, W shape or as after 2007/08?
The danger in the recovery phase

How does this translate to your charity?

- Many of the factors above will be applicable to you. The charity sector also has to cope with its notoriously slow decision making process. Management will have to get Trustees to agree to a directional change or a major investment decision and they often wait too long before deciding. It is not an agile sector and the impact of the pandemic will be a seismic shock to many.

- Many have done well during the pandemic. Grants have helped, furlough and part-time working has been used.
Pressure points developing

- Inflation.
- Wages as a proportion of costs.
- Stress – staff and management.
- Staff turnover and skills shortages.
- Budgeting for next year starts soon.
Questions to ask yourselves

- What is the attitude from your management group and Board?
  - Are they risk averse and cautious?
  - Are they looking for new ways to deliver wider services?
  - Has the Board given management a clear steer on their appetite for change?
  - Are they brave and ready to invest?

- Is there the capacity in the management team for change?
  - If not accept the limitations or strengthen the team.
Opportunities in the Recovery phase

- There will be more demand
  - Can you operationally cope with that?
  - Can you finance the working capital?
  - Does your management team need strengthening?
  - Can your systems cope?

- What opportunities are there around you?
  - Are others in a worse situation?
  - Can you join forces/collaborate/take over weaker rivals?
Threats in the Recovery phase

- If you have doubts about your ability to cope with the likely future challenges
  - Raise them now both at a Board and management level.
  - Be open about the limits you see, be challenging of each other (not confrontational).
  - Consider how to overcome the issues you see.
  - Address your own Elephants.
  - When should you start planning?
  - ACT BEFORE YOU RUN OUT OF CASH.
Conclusions

Challenges ahead but opportunities as well.

We are a people business. Watch out for single points of failure and burn out.

How brave is your organisation?
Some thoughts from Angela Salt

Chief Executive, Girlguiding
Some thoughts from David Hole

Turnaround professional
Are you ready for the challenge?
Recovery and Beyond:
Are you ready for the challenge?

Our thanks to all of tonight's speakers

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David Hole
Turnaround professional

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