



Talking Point: Project Planning, Execution and Sustainability

Planning a major project flows from the organization's core strategic planning, which carefully considers a solid and objective look at the organization's mission and vision. Core stability is the best platform on which to build, and ties to a positive working relationship among the leadership, the board, and the funding resources (donors). Prudently developing your growth strategies on a strong foundation of agreement amongst the leadership helps secure the best path for successful planning and execution. Thus, growth should come out of observations and lessons learned from reviewing the organization's history and mission, while planning for its future sustainability.

Counting the cost of growth is of tantamount importance and an integral part of the planning process. Cost is surely counted in dollars, but must also be counted in staffing stresses and strains. It is difficult to think of a situation where there is not a demand on both. Determine the reason for the project and how success will be measured. Take good time to identify the new services needed and the level of need; determine all of the costs; explore collaboration opportunities; evaluate funding potential. Many executives have undertaken the work of growth previously, and here, a danger is to rely on old tired and true old paradigms from times past; for today's reasons, fresh thinking will be advantageous. For many this is the first big project, and here lay a danger in failing to consider all of the hidden ramifications. A growth project may be a new capital asset, major equipment purchase, or new programming and staff.

A capital project, whether walls are moved, wings added, a new location built, or major equipment purchased carries costs of construction and related soft costs. Setting an affordable price tag requires extremely careful planning. Many staff hours are consumed in determining the need, space solutions, and the physical characteristics. Two early planning components may be important. A professional feasibility study will assist with identifying potential revenues to cover the direct costs. A market study can assist with determination of need, availability of other capital alternatives. Actual securing of the capital funding calls for another set of decisions: pledges, pledge failure, and the length of the pledge period; the construction loan and loan service expenses; ground-breaking vis-a-vis fund-raising status, and the possible need for a mortgage. Sustainability now becomes an important reckoning factor. Not to be overlooked are the ongoing direct expenses of



the finished product such as increased building costs and possibly debt service expenses. Real costs are sometimes hidden from first glance but are far-reaching, such as additional staff for reception, maintenance, program, or management. A capital project is an enormous undertaking and must be vetted all along the way with the board.

The purchase of a major piece of equipment is a capital investment. A vehicle, for example, requires ancillary considerations such as warranty, licensing, insurance coverage, and parking space. The vehicle might be the centerpiece of a program expansion calling forth consideration of staffing capacity as referenced below. The new equipment could require a building remodel, infrastructure upgrades, architectural and/or engineering consultation, permitting, and debt service expense if a loan is required, and again, even possible staffing considerations.

A new staff position or program expansion will increase the operating budget. Take a hard look at the dollar budget percentage increases that this will mean. Perhaps a market study should be undertaken to document outreach need. A new position requires some measure of training: in-house training means time commitments from existing staff and thereby carries some productivity loss; consultant-based training becomes an additional expense. Realignment of duties takes a toll and is disruptive, further curtailing productivity. Consider your organization's internal capacity to grow. Will there be meaningful net gain from the new hire? Will you have sufficient internal administrative support for your new hire? Staff expenses are major and perpetual, and thus, be sure that plans have been laid to support that increase into the future.

For any kind of growth – capital expansion, new equipment, and new programmatic/staffing – different sets of strategies and plans are needed. All should be congruent with the mission. Preparation work – careful homework – is vital to avoid pitfalls. Talk with professionals and peers about hidden costs, staffing capacity, staff turmoil, realistic training time, existing systems capacity (information technology, building systems, etc.), reputable contractors and sub-contractors, contingency size, handling in-kind goods and labor, zoning and permitting, potential environmental hazards, and other advice that the “veterans” may have to offer. Don't be caught thinking, “It can't happen to us.”

Once the senior staff and the board have come to consensus that the growth plan is a wise one and well-founded, leadership will begin to shoulder the task of developing the specifics (another cost). Once developed, review the plan to make sure it is



indeed needed, comprehensive, and without surprises to the best of anyone's ability to predict. A return visit to the board is essential to determine board member "buy-in" on at least three levels: the philosophical basis, the true cost to the organization, and personal financial support from each board member. Depending upon the size of the proposed growth, it may require specialty working groups for such things as project concept plan preparation; site selection process; project cost estimation; business plan development; in-house project management; capital campaign committee selection, and others.

The project may go forward at this juncture, or it may not. If it does not, appreciate the lessons learned. It may be that all the ground work preparation has not yet been laid, or, that the roadbed was prepared for the wrong road. Execution of the project will be rewarding if proper planning has been done for both the project itself and the ability to sustain it into the future. This requires firm knowledge of the organization's limits: direct expense, time, donors, and debt, to name a few. With sufficient plans in place, the project has its best chance of not only surviving, but continuing and flourishing, taking your organization to new levels of service.

Expansion is a costly affair. The birth of a well-planned effort is growth that is often exciting for all concerned. Sustaining of the effort must also be carefully planned in a detailed manner. Inability to afford a new facility, or closure of a once-needed outreach does not serve the organization, the donors, or the service recipients.

QUESTIONS TO CONSIDER:

- What are the reasons for doing the project?
- What will be the determinant of success?
- Does the project fit within the organization's strategic plan?
- Do the board and staff work well together with clear expectations and limits of the other?
- Have you planned for a feasibility study to determine predictable resources? Are all stakeholders included?
- Have you planned for a market study for the new program?
- Do you have a well-considered funding plan for the project? For sustaining the project?
- For capital projects, what is your philosophy regarding debt? What is the impact of servicing debt into the future?
- How will you sustain the project into the future when direct outside funding runs out?