

## Scaling Operations for Growing Organizations

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Your organization has made a decision to replicate its programs and expand to multiple sites. You've secured funding and are ready to get your programs on the ground. **How do you scale your operations to support the growth in programs?** In our experience working with organizations who have faced this challenge, there are four best practices to which you must attend when planning to scale. Treat each of these as a discussion topic for the leadership of your organization during the planning process:

### 1. Go beyond the programmatic plan to expand.

While you already have a strong plan to expand programs, you need to ensure Finance, HR, and IT each has a voice at the table in the growth strategy discussion. As your programs become larger and span multiple locations, it will be important to have the operations infrastructure to support them. **Consult your operations leadership!** Who better to provide the big picture overview of the operational resources needed than operations leaders themselves? Thoughtful, holistic growth – programmatic and operational – will position your organization for successful expansion.

As you prepare for growth, don't forget to **include the cost of expanding the "back office," or operations infrastructure in any growth projections.** As in any program budget, new site budgets should always include the cost of operational support services, as well as any other overhead costs in order to help you, your Board of Directors, and your funders understand the true cost of opening a new site.

One client we worked with was expanding quickly, and the leadership team worked together to **create a launch blueprint** for the opening of a new site. This blueprint addressed all aspects of the launch, including setting up the operational infrastructure necessary for a new site, and providing education on systems, policies and procedures for any new site staff. The organization stressed the pursuit of excellence on the programmatic side, and has purposefully established the same goal for operations.

### 2. Develop effective teams and communication systems.

As your organization grows across multiple sites, it will become increasingly important for dispersed staff to be able to communicate and perform as a team. In our work we have seen this happen most successfully when organizations **start by centralizing operational functions.** This creates efficiencies across the organization and allows for more resources to be put towards programs. For example, an

individual site may not have the workload for a full time accounts payable position. If the role is centralized, with one accounts payable person serving all sites, the organization can realize increased efficiencies through specialization and ensure consistency across the sites.

However, centralized operations increase the importance of strong communication systems to **ensure sites have the information and support needed to manage programs**. One organization we worked with made an effort to utilize face-to-face communication whenever possible, despite having offices in four major geographic areas across the US. A few times a year, this organization flies staff to other locations, but, between visits, they connect staff using video-conferencing technology. While the expense of flying staff across the country may be prohibitive for some organizations, new technology (such as Skype, Goto Meeting, and Microsoft Lync) is making it easier, and significantly cheaper, for organizations to have virtual face-to-face meetings with staff across the globe.

### **3. Standardize tools for data collection to maximize uniformity and efficiency.**

As your programs expand to multiple locations, it can be tempting to allow each location to develop tools and resources as they need them. However, centralization of operations functions helps to improve efficiency. Operations staff should strive to **provide standard forms, policies, and technology to each location** in order to streamline data collection, perform relevant comparative reporting across locations, and standardize training for new employees.

For example, if each location submits a standardized site budget using the same general ledger line items, Finance can more easily consolidate the budgets into an overall programmatic and/or agency budget. Similarly, budget-to-actual reports are simpler to create and can be generated directly from the accounting software. Standardized tools and forms are most effective if provided in combination with training and documentation of how and when to use them.

Of course, geographical nuances, differing funder requirements, and local regulations may lead to varied requirements across locations. While the goal is to have as few variations in policies as possible, each organization should determine when standardization is appropriate.

### **4. Apply integrated systems for data and workflow.**

Along with a clear communications system, it is important that workflow patterns between sites and headquarters are seamless, making the right data available to the right people. Centralization of systems makes organizational reporting easier while still allowing for local reporting if the right segmentation of data is used.



One of the most effective methods for creating integrated systems is to leverage technology to simplify communication and information sharing. Technology not only allows your staff to feel more connected, as discussed above, but it can also save time and money in many finance processes. One client we worked with was able to save thousands of dollars by taking their accounts payable system paperless. This transition saved each of the sites in courier fees to transport paper invoices to headquarters, saved off-site storage costs, and saved staff time at headquarters by automating the process. The staff time saved allowed the organization to increase the number of sites one accounts payable staff person could serve and reallocate those funds for a financial analyst position.

The example above did more than save time and money, however. The implementation of a paperless accounts payable system increased internal controls by standardizing workflow. Additionally, it allowed staff members more accurate and timely access to information along the accounts payable process. Site staff no longer had to call headquarters to see if a check had been mailed or cleared; they could retrieve this information themselves in the accounts payable software. This is only one example of how direct access to data saves time and effort and further empower sites to manage their data.

FMA believes that strengthening financial and operational health is key to helping nonprofits fulfill their missions and implement successful programs. As a result of our work with dozens of growing organizations, we have compiled this list of best practices for organizations looking to ensure strong and forward-looking operations to support their program growth. Visit the FMA website for more resources on [Growing and Scaling Nonprofit Entities](http://fmaonline.net/npgrowth). (<http://fmaonline.net/npgrowth>)

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