

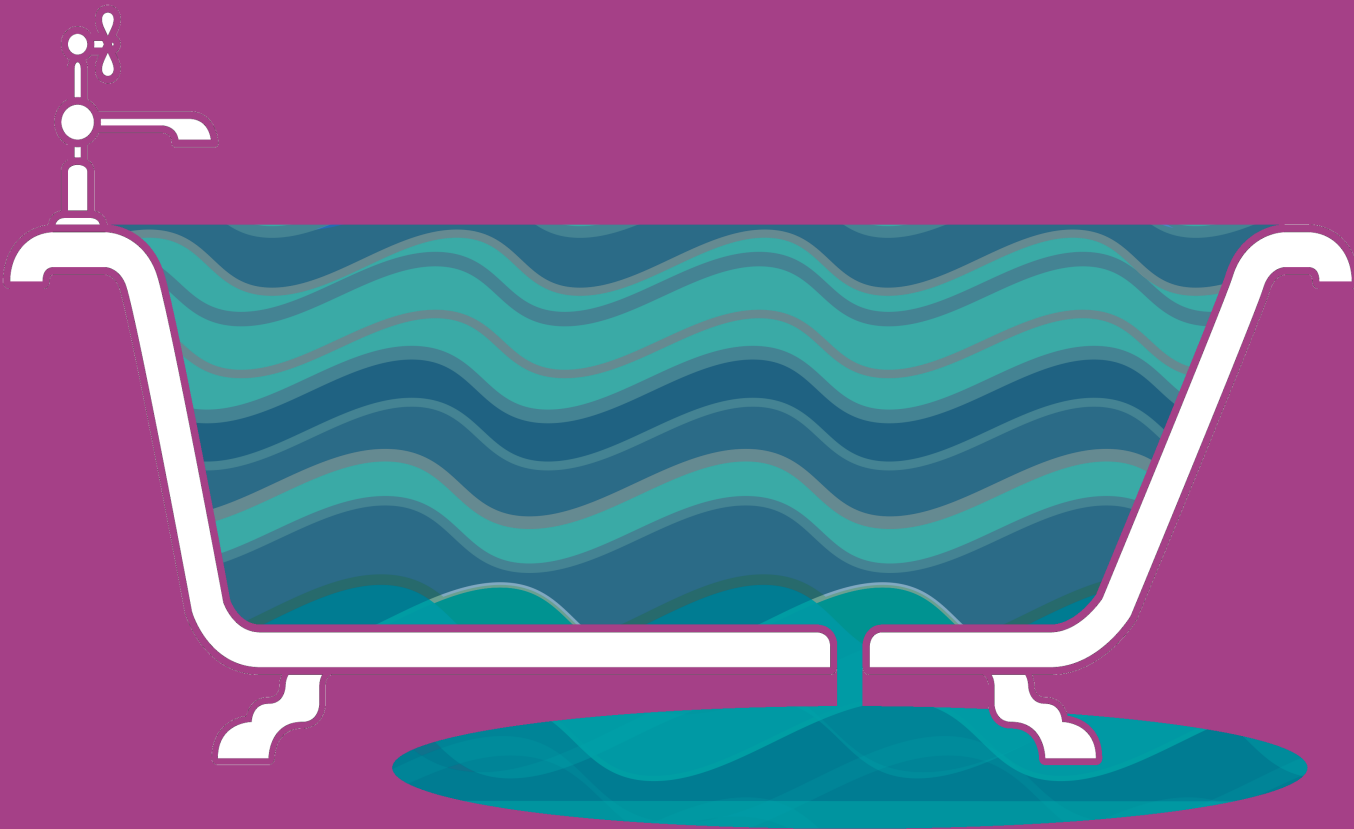


THE LASTING DIFFERENCE

Sustaining nonprofit organisations, leaders & impact

The *Lasting Difference*[®] guide to

MANAGING CAPACITY



Spare capacity isn't a luxury. It's essential for survival.

Five word stressecutive summary: Align resources and demand, sustainably.

50 word executive summary:

Managing capacity is the primary challenge for non-profit organisations, but effective strategies exist. Start by measuring capacity (the amount of something that can be stored, managed or produced). Then manage resources and match them to demand. Creating capacity is a chicken and egg situation, resolved only with investment.

In a hurry?

Wherever you see this icon, click it to jump to the next summary section.



	Contents
03	Introduction and background
04	Definitions
06	Part One: Measuring existing capacity
13	Part Two: Managing existing capacity
20	Part Three: Matching capacity and demand
28	Part Four: Making more capacity - the chicken or the egg?
31	References and reading
32	About The Lasting Difference and Wren & Greyhound

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Introduction—don't just do something, sit there!

I used to wonder why every job I've had has needed me to work extra hours, never having enough time to do all the things I had to do. Then someone asked me, '*What did all these jobs have in common?*'. Easy: I worked in non-profit organisations! Of course, the common factor was really *me*. I *chose* to work extra hours. The things I thought I *had* to do were really the things I *wanted* to do, or *put pressure on myself* to do. And the things I could have done to improve my capacity, like reflection, learning, evaluation and planning (prioritising, not just scheduling) seemed trivial compared to righting the world's wrongs. Give me six hours to cut down a tree and I'd spend none at all sharpening the axe!

I think most of us know what we need to do to manage capacity. We just don't do it. Maybe we find it hard to let go of busy-work (routine, satisfying, sometimes urgent but usually unimportant tasks) or our valued pet projects.

Often, we're so overwhelmed that we don't even know we've reached our limit until it's too late. By then we, the people around us, and the quality of our work will all be suffering. We need to step back and ask whether we're doing something useful, or just doing *something*.

Don't just do something, read on. Find the something that works for you—then do it.

Background

Capacity is the fundamental sustainability challenge for all non-profit organisations – having enough resources to meet demand and achieve your mission.

The [Lasting Difference toolkit](#) defines sustainability as 'the capacity to make a lasting difference'. You can find out more about the 'lasting difference' part of this in our [Guide to Sustainable Impact](#). But what about capacity?

This guide explores what it is and suggests how to measure, manage and make more of it. It doesn't offer quick fixes: there are none. Instead, it aims to understand capacity and what it's made of, and to assess the possible strategies for managing it.

Part One: Measure existing capacity (resources, staffing, load, demand, reach)

Part Two: Manage capacity (inflows, outputs, outcomes)

Part Three: Match capacity and demand (invest, divest, develop)

Part Four: Make more capacity (chicken and egg, redundancy, development, delivery)

Note on language:

To understand capacity, it's helpful to use concepts that are often associated with industry, e.g. inputs, outputs, production. However, this is also the language of biology and living systems. It provides a way to understand things objectively, including non-profit organisations. We also talk about demand – the language of economics. Here, it describes either the need or aspiration for something. We hope these terms don't get in the way of understanding and using this guide in your work.

Definitions

There are two main parts to any definition of capacity:



Storage: The amount of something that can be *contained* or *managed*.



Production: The *ability* to achieve something, and the amount that can be *done* or *produced*.

These two parts are interlinked and need to be considered together: the amount of something you can store will often influence how much you can produce or achieve. And the pace of production or achievement will influence how much you can, or need to, store.

The two sides to capacity can apply to individuals and organisations. This guide primarily considers organisational capacity. But of course, organisations are made of individuals, so we'll consider them too.

All too often, people and organisations work beyond their capacity. Logically, that doesn't seem possible, like when footballers talk about giving '110%' to the team. However, it's possible to work beyond capacity in ways that can compromise safety, quality, wellbeing or sustainability, for example:

- Developing new pieces of work while previous developments flounder.
- Taking on work without having enough staff or time to deliver.
- Agreeing funding or contracts that don't cover their full costs, or make competing demands.
- Using waiting lists in order to accept referrals the service doesn't have time to consider, or space to accommodate.
- Staff working beyond contracted hours.

These mask the problem or skew the true picture of how much capacity is available. Before capacity can be managed (Part Two below) or created (Part Three), firstly it's important to understand how much there already is.



Where do I stop?

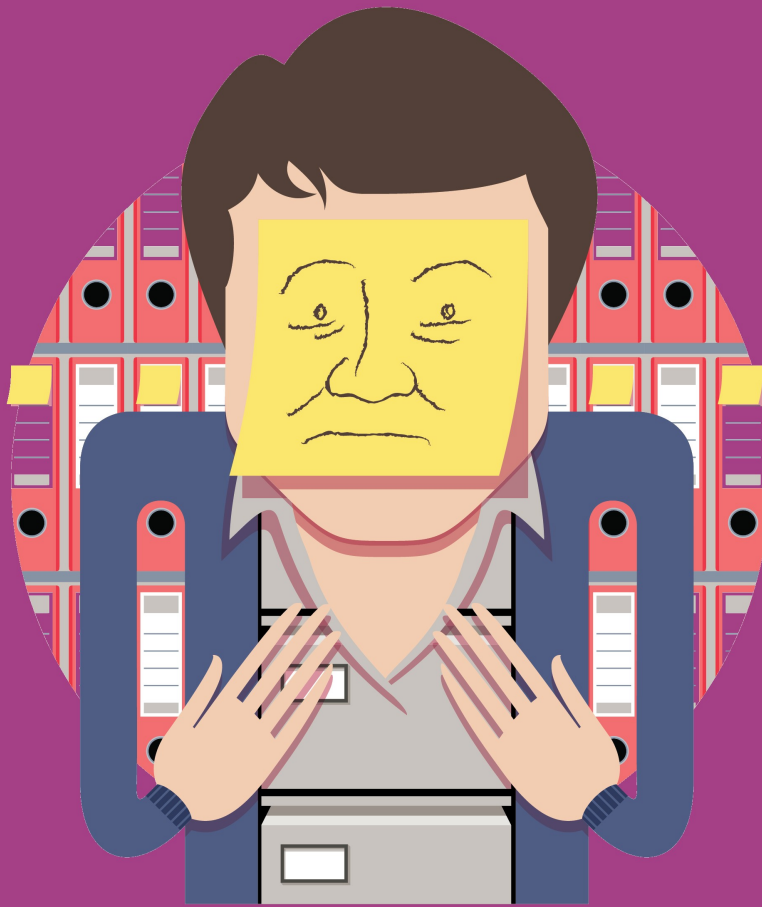


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...and where does the organisation begin?



Part One: Measuring existing capacity

How much capacity do you actually have?

How much do you need?

When you're busy, with growing workloads, shrinking staff numbers and falling budgets, your capacity problems are all too obvious. You don't have time to be philosophical about them. But let's slow things down. Working through the challenge systematically can help you to find new ways to understand and address it.



Storage capacity: the amount that can be contained or managed

The amount of work and people that can be managed is a key determinant of overall capacity. You can assess storage capacity in a number of ways:

1. Resource availability
2. Staff availability
3. Cognitive and emotional load
4. Size of caseload or workload.

1. Resource availability: money, staff, time, space

Money is the most obvious resource (we'll consider staff, time and space below). It's worth identifying levels of and *trends in* past income (perhaps stored as reserves); current income (in the bank or cashflow forecast); anticipated income (expected revenue) and prospective income (funding applications etc.).

Depending on the kind of work you do, physical resources will be more or less of an issue. The capacity of foodbanks, activity centres and recycling services is critically influenced by the storage space they have. In offices, online server space has reduced the need for physical storage, but there are still limits on the number of desks (and people) that can be accommodated. Counselling, advice and support services are limited as much by the number of quiet, comfortable rooms as by the availability of staff and volunteers.

For most organisations, premises and their upkeep are costly, time consuming, and often stressful (from leaky roofs to legal issues and landlords). How much space do you need?



A local youth service gave up the lease on its building, mostly unused during daytime. Partnering with another organisation that had space sitting empty on an evening, proved to be a better use of resources for everyone.

- Are there different ways to configure working hours and space to make the most of each? For example, hot desking, flexible working, job share, staff rotas.
- Did Covid lockdowns change the way you thought about the space you need? For example, some organisations moved into smaller offices, investing savings into better home working conditions for staff. What else could be achieved with more creative thinking about space?
- Can partnerships help? Providing services from partners' premises; offering outreach to partners' clients; bringing partners services into your premises etc.

2. Staff availability

What matters here is not just the number of people, but the time available to them. Here's an example calculation for a full-time member of staff working Monday to Friday:

Working days: 231 (365 days – 52 weekends – 30 days holiday)

- 20 days team meetings, training and development
- 10 days supervision and appraisal
- 50 days planning, evaluation, administration

Available delivery days: 151

Knowing this figure helps manage capacity, quality and wellbeing. Whether creating an annual workplan or responding to new requests or developments, it helps to manage priorities: if you only have 150 days to deliver, you need to be careful about how you choose to use them.

3. Cognitive and emotional load

Juggling too many priorities or working overtime has a huge impact on people's cognitive and emotional capacity. You need headspace to take in information, comprehend new developments, concentrate on tasks and make informed decisions. If demands exceed people's cognitive and emotional capacity, they will burn out. This requires having self-awareness to notice when the needle is in the red, and emotional intelligence and sensitive supervision to notice this in others.

4. Size of caseload / workload

It's common to set limits on workload, for example caseload size, number of people directly line managed, or number of delivery days per week. Importantly, these limits are usually set to ensure quality and support staff wellbeing. But they are arbitrary and need to be monitored and reviewed regularly. Are they meaningful? Are they being maintained? In the non-profit sector, people commonly want to do the best they can, which often gets interpreted as doing the *most* they can.

The capacity of an organisation or service should never come down to individual resilience or coping skills.



Production capacity: the ability to achieve, the amount that can be done

Before trying to improve your production capacity, start by measuring what you do, know and are capable of.

1. Assess demand
2. Define reach
3. Target activity
4. Consider complexity
5. Audit knowledge and cognitive capacity
6. Identify organisational capabilities

1. Assess demand

Understand and measure the level of demand for your work – not just services but the difference they make.

Are there predictable fluctuations at different times of the year?

Do needs and aspirations change over time?

What trends are emerging and how can you respond?

Do people really want or understand what you're offering? Do you get inappropriate referrals?

[See Part 3 to discover strategies for matching capacity and demand.]

2. Define reach

It's vitally important to be clear about how much reach you want to have. All too often it's left undefined, so however much is achieved, it's never enough.

Who do you want to reach, specifically (e.g. numbers, geography, demographics)?

How many people or issues can you support? In what ways?

What needs or aspirations do you prioritise? And to help you achieve your priorities, what *won't* be done, who *won't* be worked with? How will you help colleagues to embrace those messages and manage those boundaries?

3. Target activity

If capacity is about the ability to achieve a certain amount, identify how much you already achieve and what you want to achieve in future.

What are your key priorities e.g. strategic aims or project outcomes? *If you can't name them, they either don't exist or you have too many.*

How many services or activities did you deliver last year? Are there trends over time? How many services or activities can you reasonably offer?

Do you have targets to achieve? Are these 'red rules' (things that can't be broken, usually for safety, legal or contractual reasons) or 'blue rules' (customs and practices that could be changed)?

What have you learned about the effectiveness of different activities – what worked, for whom, in what circumstances? How did activities contribute to your priorities?

At The Lasting Difference Consultancy we do an annual assessment of each of our contracts and area of work to identify effectiveness:

Net revenue (income minus costs)

Number of people and organisations reached

Impact on them and impact on us (learning, innovation)

Number of outputs (e.g. publications)

Level of stress; amount of enjoyment.



This doesn't take long and it helps inform our direction and decision-making.

An alternative approach, is to authorise activity only after it has been assessed as necessary. A commercial example is the use of 'just in time' supply chains. This is less likely to be suitable for non-profits than the questions above, although you should consider:

How do you know there is a need for each of your areas of work or activities?

How up to date and convincing is your evidence?

Something needs to be done – but does it need to be you who does it? Are you the best people for this?

How much demand is there for your *outcomes* (i.e. as opposed to services)?



An education service for people with mental health problems receives a lot of referrals for people who want something purposeful to do among supportive peers. This is different from the learning outcomes the service was set up to achieve.

4. Consider complexity

The complexity of your internal and external environment has a large influence on your ability to get things done. External factors like complying with legal requirements and meeting funding deadlines may be beyond your sphere of control. But assess how much time and energy is spent in internal compliance, routine monitoring, meetings etc. Are these activities improving performance or just feeding the busyness beast? (Note that complexity isn't the same as complication. Things are usually made complicated by people: the build-up of layers of procedures and processes—or their neglect. To simplify and streamline your systems, give them proportionate attention and management.)

The size of a manageable workload or caseload should be determined by its complexity. People doing in-depth work on complex topics should have smaller caseloads: GPs generally see more people than a hospital consultant, for example.

Is your work specialist or generalist? Has the complexity of work changed over time? Which of your processes improve performance and which ones hold it back?



5. Audit knowledge...

We considered staff availability above, but their knowledge and skill are equally important determinants of what can be achieved. Assess the knowledge needed to deliver your strategy (our [Guide to Managing Knowledge](#) contains a template to help with this).

Do people (staff, trustees, volunteers, supporters) have skills and experience that are going untapped? Do they want or need to develop more? If the organisation doesn't have the knowledge it needs, does it seek opportunities to learn? Is there a clear learning intent behind its approach to partnership work? Can knowledge be outsourced: e.g. using other organisations for specialist expertise (like HR, IT), or bringing in associates to develop and deliver your organisation's knowledge?

...and assess cognitive capacity

Cognitive capacity means the ability to process information, to learn, to use clear judgment, to analyse and draw sound conclusions, to make good decisions. If you're not okay you can't do your best work. When people are overloaded it can be hard to think clearly. Watch out for indications such as juggling too many demands, working reactively, lack of clarity about or focus on priorities. See our [Lasting Leadership](#) Guide for more ideas on looking after yourself and your teams.

6. Identify organisational capabilities

Just like people, organisations do some things better than others. And most organisations under-exploit their key assets. What are your organisation's *key* strengths and capabilities? If you can name more than four or five, you've got too many! Focus on the most significant strengths:

What do you do best of all? Do you exploit this as fully as you could?

How do you protect and develop your core capabilities?

What are you less good at? Does it dilute your strengths? What should you do less of? Which parts of your work could be outsourced (e.g. to associates, partners or contractors)?

Where should your focus be in future? Is your limited time better spent filling holes and addressing weaknesses or building on strengths and creating something special?

A note on stakeholders:

Even when the steps to measure and manage capacity seem obvious, it's common to hold back because of how you think stakeholders will react. But once you're really convinced of the need to change and what needs to be done, it's easier to bring stakeholders with you than you might think. Frame your decisions (or asks) positively: not what you're going to stop doing, but how you're going to sharpen your focus to maximise capacity, increase effectiveness and improve impact.



SUMMARY

Part One: Measuring existing capacity



Storage capacity is the amount that can be contained or managed.

Assess storage capacity by examining:

1. Resource availability
2. Staff availability
3. Cognitive and emotional load
4. Size of caseload or workload.

Key questions

How much capacity do you actually have? Is the true picture being masked, e.g. by waiting lists and unpaid overtime?

Are there different ways to configure working hours and space?

Can partnerships help?

How many effective delivery days (or hours) are available to you?

Would it help to place limits on caseload size or workload? Are limits being maintained?

Production capacity: the ability to achieve, the amount that can be done.

Measure what you do, know and are capable of.



1. Assess demand
2. Define reach
3. Target activity
4. Consider complexity
5. Audit knowledge and cognitive capacity
6. Identify organisational capabilities

Key questions

Who do you want to reach, specifically (e.g. numbers, geography, demographics)?

How many people or issues can you support at a time? In what ways?

What trends are emerging (e.g. in need, demand or aspirations)? Which will you prioritise?

What are your key priorities e.g. strategic aims or project outcomes? Targets?

What have you learned about how each of your activities contributes to your priorities?

Do people have skills and experience that are going untapped? Do they want or need to develop more?

Does the organisation have the knowledge it needs? Does it seek opportunities to learn?

What do you do best of all? Do you exploit this as fully as you could? What are you less good at? Does that dilute your strengths?

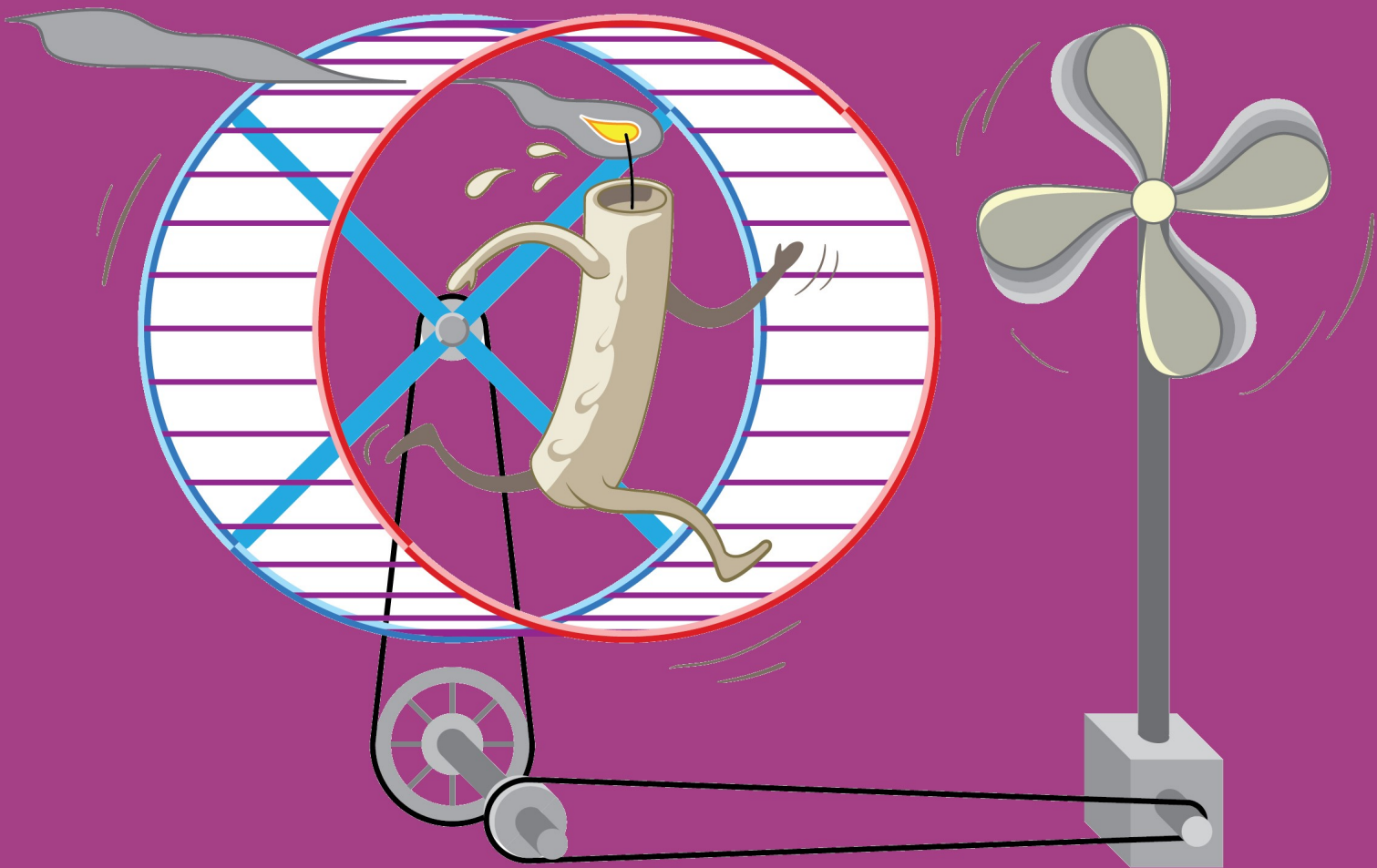
Can knowledge or capacity be outsourced?

Where should your focus be in future? Is your limited time better spent filling holes and addressing weaknesses or building on strengths and creating something special?



Capacity:

are you managing?



Part Two: Managing existing capacity

Is full capacity the same as safe, quality capacity?

If you're working beyond capacity, is it because you're working beyond your remit?



Managing capacity is about the pace at which resources are used and replenished. As we did in Part One, we'll consider this in terms of storage and production capacity.

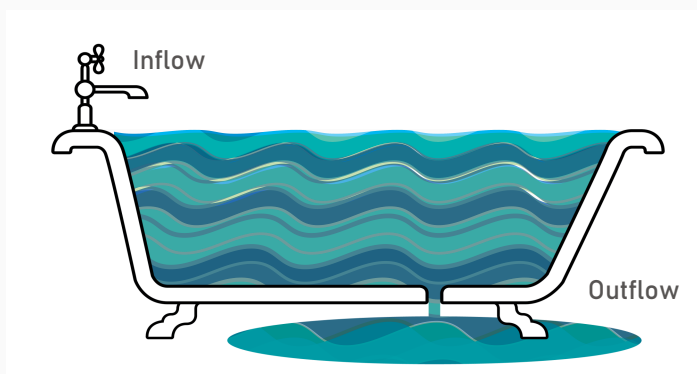


Figure 1: Manage storage capacity by adjusting inflows, outflows - or the size of the container.



Storage capacity

Storage capacity can be managed by adjusting inflows and outflows, or the size of the container.

Organisational examples of these are:

Inflows: money, referrals, staff and volunteers, knowledge.

Outflows: expenditure, onward referrals, staff turnover, outputs (including waste).

Size of container: size and structure of organisation.

Individual examples are:

Inflows – information, training, new instructions, tasks, demands.

Outflows – scheduling information or tasks for future dates, delegation, 'brain dumps' (getting things out of your head by noting them for future reference).

Size of container – not brainpower but functional and emotional intelligence, available headspace.

1. Manage inflows

When non-profit organisations reach capacity, the natural response is to increase the inflow of money. This is often necessary and sometimes possible, but never enough. Capacity will still be limited by the availability of suitable staff, the physical space or resources available, or any of the other storage capacity issues we identified above, or the production capacity explored below.

Individually, consider cognitive load and how to reduce it e.g. by slowing the flow of information and tasks. Can anything be dropped, delegated or delayed? Is there a way to get additional support with some tasks? What are your priorities? Are you holding onto things that you should let go of?

2. Manage outflows

Again, expenditure is the obvious outflow to manage. Other outflows are important however: staff turnover is a critical measure of organisational capacity and performance. Onward referrals are an important measure of effectiveness, ensuring services don't create dependency. Bottlenecks sometimes appear in services because of the lack of availability of progression opportunities, but it's important to be sure that services aren't contributing to the problem. [Read our Guide to Sustainable Impact for more information](#), but for now, consider how you can:

- Increase independence, choice and control
- Increase partners' capacity
- Improve partnership responses by sharing ownership of an issue
- Inform policy and decision making
- Increase community capacity.

Management teams have bottlenecks too, e.g. where decision-making is passed up the line, creating delays and unsustainable pressures. Delegating some responsibility and decision-making can help, as can:

- Regular support and supervision, and informal check-ins to see how people are doing, and whether changes in their work or life are impacting on their capacity.
- Clear personal workplans, linked to strategic plans with achievable timescales and lines of accountability and decision-making.
- Frameworks for deciding when and how things can be dropped, reallocated, delegated or delayed.
- Routines that simplify processes and minimise the need for decision-making.
- Time off to refocus and recharge.

See the [Lasting Leadership Guide](#) for ideas on delegating and devolving leadership.

3. Adjust the size of the container

Organisations tend to expand and contract over time, in direct response to the resources available to them, particularly funding and staffing. Contraction is particularly painful, usually requiring restructuring and staff redundancies.

Expansion can be painful too, accommodating new members of the team, maintaining quality and fidelity and finding appropriate new resources. Other ways to adjust the size of the container are to consider:

- The number and size of teams
- Spans of management control
- Patterns of work (hours, terms and conditions etc.).
- Opportunities for delegation and devolved decision-making.

To be clear, individuals working unsustainable hours to get everything done is an example of unsustainable expansion that can only ever be temporary.



Production capacity

Production capacity is about the ability to transform inputs to outputs and, in the non-profit world, achieve outcomes. It can be managed by

1. Adjusting inputs
2. Transforming inputs to outputs more efficiently
3. Adjusting outputs
4. Adjusting outcomes

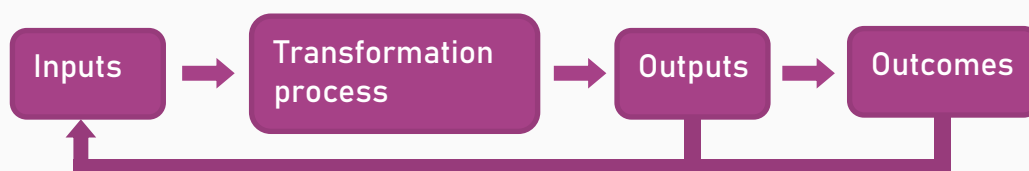


Figure 2: a transformation model, with the addition of outcomes and feedback loops for aligning inputs, outputs and outcomes.

1. Adjusting inputs

The volume and quality of inputs both have an impact on capacity. Getting the right level of funding matters, but so does getting the right type: not all money is good money. The wrong type of funding comes with onerous or over-specified criteria, meaning it costs more or takes more effort to manage.

The right staff are important too, deploying them to the right projects and managing them in the right ways.

Similarly, getting the right referrals for what you offer is just as important as getting the right number.

Even with the right number and type, other capacity constraints mean that inputs need to be managed carefully. For example, a disability organisation limits the opening hours of its advice line; a carers' service closes its door to new referrals periodically; a befriending service manages its waiting list with regular check-ins. Managing referral inputs (e.g. using queueing, assessment processes and waiting lists) tends to be unpopular or unpalatable until it is unavoidable. But it can be invaluable for maintaining quality, safety and wellbeing: see below.



Many organisations use a **triage system** to assess and allocate new enquiries, referrals or opportunities. Some give the task of filtering new work to junior or less specialist staff, e.g. an administrator might take pressure off a specialist adviser by sorting, scheduling or reallocating enquiries.

Other organisations do the opposite, with specialist staff taking the first enquiry. An equalities organisation did this and significantly reduced the size and complexity of specialist staff's workload by signposting enquiries to other support, prioritising complex cases early and preventing needs from escalating.

Consider the flow of enquiries and ideas into your organisation and how they can best be assessed and allocated.

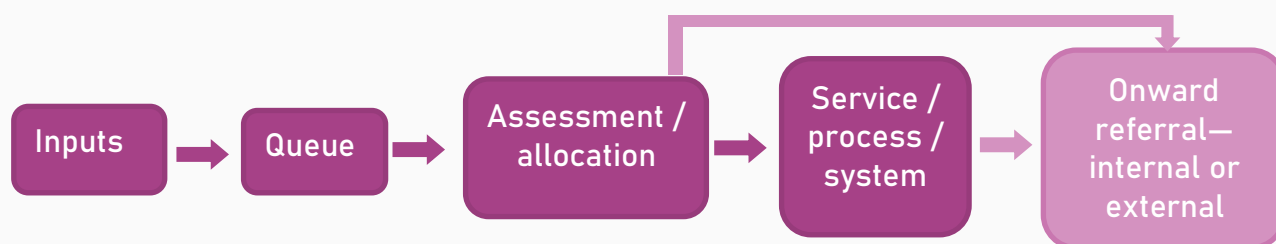


Figure 3: Using queuing systems to manage inputs

Inputs:

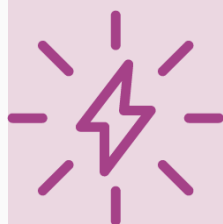
What are the inputs that come into your organisation? Can their flow be managed (slowed down or speeded up)? This model can also be applied to individuals, even for something as straightforward as emails: incoming mail is the input, your inbox is the queue, you are the assessor, deciding what to do with them, e.g. turning off notifications and closing email apps to avoid reactive busy-work.

Queueing:

This is where referrals, enquiries, requests and ideas wait until they are assessed or allocated (e.g. a referrals list, reception area, development plan, to-do list).

Assessment and allocation:

Does a single person or team assess and allocate work? How are inputs prioritised? How much discretion is allowed in what is prioritised and the order in which it's done? Is there a risk of assessors selecting the attractive, easy or higher-status tasks? Does busy-work get prioritised because it gives a sense of purpose and completion? Do requests from colleagues get prioritised over your own work?



One organisation was dealing with a unprecedented number of new and complex enquiries for support. They decided to create a dedicated email address for new enquiries and put in place a rota where members of the support team took turns to respond to all new enquiries. This meant those off-rota had time to get on with their own work more effectively and reduced stress and overload.

2. Efficiency of transforming inputs to outputs

There's not a lot of fat on the bone in the non-profit sectors, but don't assume you can't increase efficiency, whether by reducing waste, improving quality or adopting new working practices. However, the biggest single thing you can do to is improve the clarity of your focus. Are your resources, work and capacity focused on those areas where they can make most impact? Does everything you do contribute to achieving your mission?

Find out more about the power of adopting a 'single focused goal' in our [Guide to Sustainable Impact](#).

3. Adjusting outputs

It seems obvious that the level of funding and staff you have influences the amount you can do. But this sometimes gets forgotten, particularly in funding and commissioning arrangements where the same level of output is sometimes expected with lower levels of resource.

Think of the transformation model in Figure 2: the level of inputs influences the activities, outputs and outcomes that can be achieved. Unless there are significant inefficiencies in the process, having fewer resources means accepting the need to adjust the level or quality of outputs. For example, you might reach fewer people, on a smaller range of issues, or over a shorter time frame. For individuals, this might mean adjusting the amount you expect to get done if the time or headspace available to you change.

There's much more on this, including what funders can do about it, [in our book, Making a Lasting Difference.](#)

Another way to think about the influences on outputs and outcomes is shown below.

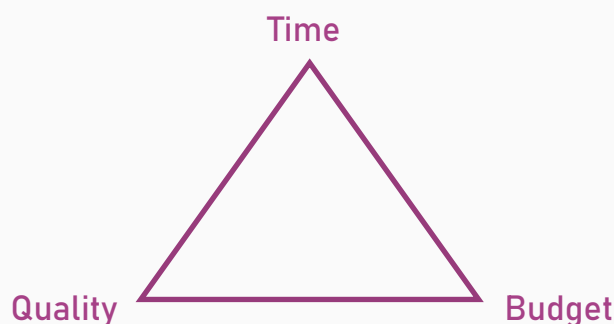


Figure 4: another way of thinking about the influences on outputs and outcomes

The triangle shown in Figure 4 is always dynamic: if one point changes, this creates tension or slack that realigns the other points, sometimes in surprising ways.



An organisation made a strategic decision to prioritise quality and impact. It reduced the delivery days available to staff and increased the time they spent on personal or service development. As expected, fewer activities were delivered and revenue was reduced. But quality, capacity and staff satisfaction increased.

4. Adjusting outcomes

The outcomes you are trying to achieve have a big influence on how much capacity you need. Complex, longer term outcomes take longer to achieve – something that's important to remember if funding only lasts for 1-3 years. For example, there's no point aiming to reduce obesity in a community if you are only running a six-week healthy eating programme. The outcome needs to be adjusted, or more inputs are needed (e.g. changing the outcome to 'increased awareness of healthy diet', or seeking additional resource for a more substantial intervention). The feedback loop in figure 2 shows a cycle of managing capacity by monitoring outcomes and adjusting inputs accordingly.

SUMMARY

Part Two: Managing existing capacity

The pace at which resources are used and replenished.



Storage capacity can be managed by adjusting inflows and outflows, or the size of the container.

Organisational examples include:

Inflows: money, referrals, staff and volunteers, knowledge.

Outflows: expenditure, onward referrals, staff turnover, outputs (including waste).

Size of container: organisational size and structure, number and size of teams, spans of control, patterns of work.

Individual examples are:

Inflows – information, training, new instructions, tasks, demands.

Outflows – scheduling, delegation, planning.

Size of container – available headspace, cognitive load, working hours/patterns.

Key questions

Where are the bottlenecks in your organisation? What's causing them?

How can you reduce cognitive load when you or other people are working at capacity?

What can be dropped, delegated or delayed?

What are your priorities? Are you holding onto things that you should let go of?



Production capacity is about transforming inputs to outputs and achieving outcomes. It can be managed by:

1. Adjusting inputs

2. Efficiency of transforming inputs to outputs

3. Adjusting outputs

4. Adjusting outcomes

Key questions

Do you have the right amount and type of funding? The right staff in the right places?

What are the inputs that come into your organisation? How can their flow be managed?

How are inputs and work prioritised? Who by?

Are your resources and capacity focused on the areas where they can make most impact? Does everything you do contribute to achieving your mission? Do you have the right outcomes?

Are your inputs, outputs and outcomes in alignment? If the time or budget available to you change, do you adjust the quality or quantity of your work to match?



The greedy puppy

or the indulgent parent?



The people or issues that you reward
with disproportionate time and attention.

Part Three: Matching capacity and demand

How much is enough?

How good is good enough?

Can you increase your capacity by helping other organisations build theirs?



Capacity problems are created when resources don't meet demand. So far, we have focused on managing resources, but there are three possible strategies for managing demand. One is particularly relevant for the non-profit world, and therefore prevalent in it, but they are all worth exploring.

The three strategies are:

1. Manage demand
2. Maintain capacity regardless of demand
3. Adjust capacity to meet demand.

1. Manage demand

Managing demand so that it matches capacity is not straightforward, but it can be done. In business, a simple way to do it is to use pricing: luxury car makers can only produce so many quality cars at a time, so they use high prices to manage demand. Chocolate manufacturers have huge production capacity, so keep their prices low to keep demand high.

Using pricing to manage demand is not usually possible or appropriate for non-profit organisations, though it can occasionally work.



A counselling service with long waiting lists took the difficult decision to give people the option of paying. Enough people were able to do this that the service was able to use the revenue to recruit more counsellors and bring down the waiting list. It took ongoing, careful management of ethical and practical considerations, but it worked.

Another demand management approach is to require people to book their use of a service or capacity in advance. For example, a residential respite service with limited beds and high demand might require social workers to reserve a certain number of spaces in advance for the year ahead. You can use this approach individually too, e.g. by allocating time in your diary (daily/weekly) when you're available to help speak to and support other team members. Or only checking emails at a particular time of day to avoid constant interruptions.

The two approaches above are sometimes combined, for example membership organisations sometimes offer free training (people book their access to the organisation's capacity in advance), but charge for non-attendance (creatively using pricing to manage demand).

2. Maintain capacity regardless of demand

This strategy, keeping the same capacity regardless of changes in demand, is also rare. To pursue this strategy, an organisation would need to have relatively comfortable levels of resource, allowing it to reassign spare capacity during quieter times, or to be relatively detached from having to respond to demand. Topic-focused foundations or research institutes with healthy financial endowments are a possible example, but this is still unlikely to be an acceptable long-term strategy. Individually though, spare capacity can be used for development time, reading, planning – or taking a break away from the computer to recharge our energy.

It's much more common for organisations to expand and contract. Over time, most non-profits resemble concertinas, expanding or contracting in response to changes in resources or demand (usually the former, but not always). This is because maintaining the same capacity over time leads to denying or delaying service when demand is high, and to resources being wasted when demand is low.

3. Adjust capacity to meet demand

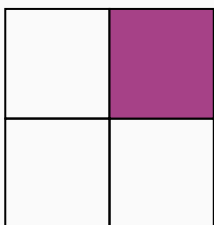
This strategy is the commonest of the three strategies in a sector whose ethos is to be sensitive and responsive to demand. It usually involves adjusting staffing levels (e.g. recruitment, restructuring, training, use of temporary staff), but there are other ways too. Individually it can mean reprioritising workloads or enabling delegation. The 'resource/demand matrix' below summarises the approaches available.



The resource/demand matrix

The matrix sets out four ways an organisation can respond to changes in demand and resources.

	Increased resource	Decreased resource
Increased demand	<p>Invest in capacity</p> <p>Internal and external</p> <p>(Use the Lasting Leadership guide)</p>	<p>Develop capacity</p> <p>Internal; partners; people; colleagues</p> <p>(Use the Sustainable Impact guide)</p>
Decreased demand	<p>Develop demand</p> <p>(Reassess work and priorities using the Lasting Difference Toolkit)</p>	<p>Divest capacity</p> <p>(Use the Exit Strategy template in the Lasting Difference Toolkit)</p>



Increased demand, decreased resource: develop capacity

This scenario, of finding ways to meet growing demand with shrinking resources, is the most common sustainability challenge. The natural response is to seek funding, but others are possible.

Internal capacity: Funding is often the resource that has reduced, and in the short to medium-term it makes sense to seek more. This can then be used to develop capacity (e.g. additional staff and services). Staff and volunteers are the other key resource. The number of people and their skills will both change – and need to be developed – over time. Monitor staff and volunteer turnover and carry out exit interviews to learn about how skills and satisfaction can be improved. Audit the skills and knowledge in the team and provide training or development to keep these up to date with your strategic goals.

Partners' capacity: There are benefits of developing other organisations' capacity. The more understanding that your partners have of the issues or people you support, the better they will be able to respond or take a lead. Don't be precious about your expertise, think about how to make it valuable to others!

One of the best ways to answer the ubiquitous question on funding applications about 'How will you sustain this work when the funding ends?' is to describe how your work will increase sector capacity and improve partnership responses in the longer term.



The Scottish Association for Mental Health realised that the people it supports were often excluded from physical activity and sport, so it led work to develop the [Mental Health Charter](#), sharing ownership of the issue – and its solution.

Developing partners' capacity can also help to manage demand and reduce dependence on your support. Participation in partnerships is a vital indicator of organisational capacity—and sustainability.



An autism support service learned that by taking young people into local leisure centres, the staff there began to understand and support autism better. This meant the young people didn't always need a specialist support worker with them, and the leisure service became more accessible to the community.



Organisations that provide high volumes of relatively low value training (in terms of income or outcomes), often provide train-the-trainer courses. This equips other people to meet demand and frees capacity to develop specialist or advanced training.

Peoples' capacity: Give someone a fish and they'll eat for a day, teach them to fish and they'll eat for a lifetime. To develop other people's capacity (whether the people you serve, wider communities, or populations), focus on second-order outcomes like these:

- Being better connected and able to support others.
- Being more informed and empowered to act.

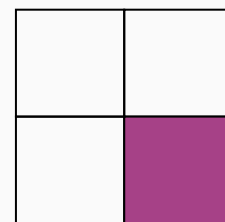
Individual capacity: Prioritising workloads, delegation and letting go of or delaying non-essential work are essential to avoid overload or burnout. Consider if training or development are needed to address gaps in knowledge or skills.

Long term, if an organisation (or its people), stays in the top right-hand quadrant without successfully developing capacity, it is likely to move into the quadrant below.

Helpful reference: download our [Sustainable Impact](#) guide to help develop capacity in seven main areas, from individuals and organisations to partners, policy makers and communities.

Decreased demand, decreased resource: divest capacity

The bottom right-hand quadrant is about cutting your coat to suit your cloth. Demand might have fallen because of external factors, or it might have been managed downwards in response to diminishing resources. Whatever the cause, this quadrant requires difficult but vital decisions about letting things go, in the interests of longer-term recovery and sustainability.



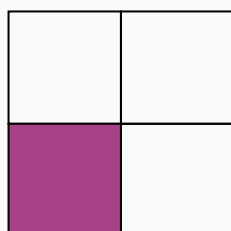
Retire assets: assets that are no longer needed or affordable need to be let go. Physical assets might be sold or passed onto another organisation that can benefit from them. Leases on buildings might be allowed to expire.

Review ways of working: there might be very good, understandable reasons why demand has gone down: maybe you've been successful at building capacity in the quadrant above, or you've had to manage demand downwards as resources shrank. Nevertheless, you should review your ways of working: is there still a need for the things you do, or the way you do them? Have needs or aspirations changed, or new ways of meeting them arisen?

Restructure: Depending on the size of your organisation restructuring may be inevitable in this quadrant, possibly involving staff redundancies. This is never easy or pleasant, so put in place as much support as possible for people affected. If you are leading the process, get support around you too, for example from trustees or external advisers.

Develop exit strategies: Endings are an important part of any lifecycle, including organisational ones. The Lasting Difference Toolkit identifies six possible exit strategies for any piece of work (in addition to simply stopping it). Use these to minimise any negative impacts and, importantly, to retain knowledge and learning that has developed. If people are changing roles (or leaving), develop plans for handovers to support a positive transition/exit.

Helpful reference: download the [Lasting Difference toolkit](#) to identify appropriate exit strategies and manage them well.



Decreased demand, increased resource: develop demand

This situation might come about when new resources have emerged (e.g. funding, services or new staff capabilities) but have not been fully rolled out. It can also happen if there's a mismatch between the vision an organisation and/or its donors and funders have, and what is needed on the ground. In the world of competitive tendering, it sometimes comes about when a new service or provider is brought in to replace an established, trusted service. Developing demand is therefore not about making people want something, but engaging, listening and learning.

Engaging and listening: Find out why demand is low. Do people know what is on offer? Can you describe its benefits in ways that are relevant to them? Is the offer itself relevant, or do people want something different? Sometimes services, projects or groups carry on despite evidence of growing irrelevance or diminishing demand because they are valued by particular beneficiaries—or members of staff.

Remember that providing information is an important part of any consultation or engagement process. If you just give people a blank piece of paper, don't expect them to make informed decisions, or to move away from what they are already familiar with.

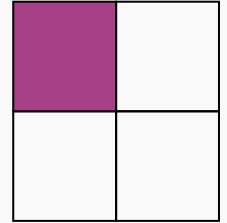
Learning: With resources available, it's possible to develop pilots and tests of change, evaluating what works and what doesn't. However, if demand stays low in the longer term, resources should be reallocated to areas of higher demand.

Finally, when developing demand, start by asking 'What if we're successful?'. Marketing might create levels of demand you don't have capacity to manage. Some organisations anticipate this by publicising new events and services in stages, for example to different audiences or via different channels. This lets them gauge and respond to demand sustainably before trying new audiences or channels.

Helpful reference: download the [Lasting Difference toolkit](#) to reassess your work and priorities, with practical tips for improving *Involvement* - the glue that holds sustainable organisations together.

Increased demand, increased resource: invest in capacity

In the top left-hand quadrant, resources and demand are in alignment. Although this means things are busy, this is exactly the right time to invest in capacity for the future.



Organisational investment: One approach to investment when resources are healthy is to build up financial reserves, salting money away for a rainy day. It's usually prudent to do this, but it's also worth investing in other ways too. Invest in infrastructure, the tools and assets that can help future-proof the organisation (for example, upgrade IT hardware and software; improve buildings; maintain vehicles). Pilot new services or alternative methods of delivery that allow ideas to be tested and developed.

Staff investment: This could be the time to reward staff loyalty following leaner periods when, for example, wages decreased or workloads increased. It's also a good time to invest in and reward development – generating knowledge and skills that will take the organisation into the future. Training, shadowing and mentoring get neglected when capacity is tight, but they should be invested in now. Facilitate the flow of knowledge across organisational boundaries: e.g. secondments, communities of practice, learning exchanges. Recruit people to new posts, or to provide backfill to free up more experienced people to develop new initiatives.

Individual investment: make the most of resources available. For example, invest time in developing and empowering new or existing team members so they need you less. Explore your own development and progression goals.

Partnership investment: Don't pull the ladder up behind you when you're successful. As with the top right-hand quadrant, building capacity in partners and the wider sector can be a sensible investment in furthering your aims. Enlist partners' help in meeting demand, form joint ventures to develop new initiatives; work with them to scan the horizon for new trends; shape the funding and policy environment together.

Helpful reference: the [Lasting Leadership Guide](#) provides fresh ideas and inspiration for capacity building. Use it to invest in succession planning, staff empowerment, equalities and shaping a sector fit for the next generation of leaders.

SUMMARY

Part Three: Matching capacity and demand



There are three strategic for aligning capacity and demand:

1. Manage demand
2. Maintain capacity regardless of demand
3. Adjust capacity to meet demand.

The third is the most appropriate strategy for most non-profit organisations, with four possible approaches to it summarised below.

When demand increases but resources decrease: **develop capacity**

Internally: managing turnover in finances and staffing; training and development; prioritising work, avoiding burnout.

Externally: increasing partner organisations' ability to respond to or take a lead; increasing individual or community capacity through information, empowerment and connection.

When demand decreases along with resources: **divest capacity**

Retire assets e.g. unused or unaffordable buildings and equipment.

Review ways of working.

Restructure: possibly involving staff redundancies.

Develop exit strategies.

When demand decreases but resources increase: **develop demand**

Engage and listen: Find out why demand is low.

Learn: Develop pilots and tests of change, evaluate what works and what doesn't.

If demand stays low, **reallocate resources** to areas of higher demand.

When demand increases and so do resources: **invest in capacity**

Organisational: build reserves; infrastructure; organisational and service development.

Staff: Support learning, reward development; recruit and train.

Individual: Develop and empower colleagues; develop yourself.

Partnership: Enlist partners' help in: meeting demand; developing new initiatives; horizon scanning; shaping the funding and policy environment.



When there are lots of moving parts,
it's easy to convince yourself you've
achieved something.



Illustration © John Miers under exclusive licence to Wren and Greyhound

When really you've just been busy
spinning plates.

Part Four: Making more capacity – the chicken or the egg?

Do you have enough capacity to build capacity?

How acceptable is it to have spare capacity? How sustainable is it not to?

Is a bath full when it overflows, or when there's enough space for someone to get in without flooding the bathroom?



How do organisations and individuals increase their capacity when they have limited capacity? A familiar example of this chicken and egg situation is when a manager needs to recruit a new member of staff. The manager is so busy coping with the gaps caused by the vacant position that they don't have time to recruit. If they had time to recruit, the new staff member would start and the manager would have more time. (Assuming the right candidate is found—it's easy to compromise quality in pursuit of capacity, taking someone on to fill the vacancy rather than holding out for the right person.)

The *only* way to break the cycle is to invest resources in creating or freeing capacity. In the recruitment example, the manager needs money in the budget before being able to employ a new worker. Resources needn't be financial: until the manager frees some capacity by stepping away from some of the operational demands that take time and attention away from recruitment, nothing will happen.

Having spare capacity somewhere in the system lets organisations and people cope better with being overstretched for a short time until their resources catch up.

Redundant capacity: Making the case for inefficiency

Redundant (i.e. spare or reserve) capacity gives organisations the ability to evolve in response to complex environments. They cannot adapt or change if they are so efficiently aligned to the current environment that they have no spare capacity. Individually, spare capacity ensures people have time to think, develop, plan – and look after themselves to avoid burnout. The idea of redundant capacity seems hard to accept or achieve in a resource-strapped sector. But examples of just how valid – and vital – it is are all around us.

In biology, evolution has been accelerated by organisms having duplicate copies of the same gene, allowing one copy to adapt and mutate while the duplicate stays protected. Similarly, in the human body, having two eyes and ears means that even if one is injured we can still see and hear.

In engineering, redundancy means building things with more capacity and greater tolerance than they actually need. Bridges are designed to be able to carry more load than they will ever need to, for example.

Other examples of achieving sustainability through redundant capacity include:

Backup systems (spare tyres; backup electricity generators in hospitals; computer back-ups; off-site records archives; succession planning etc.).

Performance monitoring systems (quality assurance systems; evaluation processes; staff appraisals etc.).

Spare or slack resources (fallow fields to ensure healthy crop rotation; spare office space to accommodate hot-desks or new recruits; diary space for unforeseen events; protected time for thinking, development and self-care etc.).

These are good, effective, desirable but apparently *inefficient* things. If they are cut, organisations will save money in the short-term – but be less sustainable in the longer term. Other examples of redundant capacity that can support sustainability include:

In planning: not filling workplans and calendars, ensuring there is some slack so that promising opportunities can be pursued as they arise.

In human resources: time for staff to take part in meetings, attend training, shadow colleagues, work on developments and have time to think, flexible working, self-care activities.

In finance: budgeting for contingencies like maternity cover, recruitment costs, hiring temporary staff to cover vacant posts and so on.

**Spare capacity is not a luxury.
It is essential to survival.**

Delivery and development in balance

When it comes to adjusting outputs, it can seem like decisions are made for you: the demands of everyday delivery usually take priority over development. Delivery will usually be more pressing: it knocks on your door, imposes deadlines and makes urgent claims on your time. But there's only one way this leads: perpetual firefighting and eventual exhaustion of people and resources. Sound familiar?

Again, the *only* way to break the cycle is to step away from busy-work and invest in future capacity. Development will hardly ever be as urgent as delivery. That is, until the day you lift your head and notice that the world has moved on without you.

If these signs look familiar, perhaps it's already begun:

- Urgent busy-work drives your days. Plan-do-review? It's do-do-do around here!
- You can't name your strategic priorities or the outcomes you're aiming for.
- Your delivery makes no real impact on the underlying causes or issues.
- Attractive opportunities are missed. That new initiative remains a dream.
- New projects are layered on top of others, nothing stops.
- Too much is never enough.

**Development isn't a distraction.
It's the only way to achieve
sustainable capacity.**

References and reading

Resources

Free downloads from www.TheLastingDifference.com:

- The Lasting Difference Toolkit: *tools for organisational sustainability*
- Lasting Leadership Guide: *succession, empowerment, equality*
- The Lasting Difference Guide to Sustainable Impact

Books etc.

Four in 10 charities expect to struggle to meet demand as 'capacity crunch' bites, Andy Rickets <https://www.thirdsector.co.uk/four-10-charities-expect-struggle-meet-demand-capacity-crunch-bites/management/article/> (Accessed February 2021)

Fundamentals of Senior Management, Sheila Cameron, Open University, 2006

Making a Lasting Difference: sustaining nonprofit organisations and their impact, Graeme Reekie (available from Amazon and <https://flyingunderground.co.uk/shop>)

The 7 Habits of Highly Effective People, Stephen R Covey

Websites

SAMH and the Mental Health Charter <https://www.samh.org.uk/get-involved/physical-activity-and-sport/our-projects/mental-health-charter> (Accessed February 2021)

The Lasting Difference www.thelastingdifference.com

Wren and Greyhound www.wrenandgreyhound.co.uk

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