

THE OCTAGON

A method for capacity assessment

Guide for use in
non-governmental organisations

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Guide for making assessments of non-governmental organisations

Introduction

The Octagon is a model and tool for making assessments of the level of development of organisations.

The aim

Both the organisations themselves and their partners in cooperation need to obtain an idea of the capacity of organisations when making decisions on support and further cooperation. The financiers also want to have specific information on the organisations they are supporting and how they are developing.

The aim is to provide an overall diagnosis of the situation. With the aid of the method it should be possible to form an impression, rapidly and simply, of an organisation, its strengths, weaknesses, and whether and at what pace it is growing in strength.

Measurements made on two occasions, with an interval of several years, make it possible to compare results. Changes in the different dimensions from the first measurement to the second can be interesting.

In other words, with the aid of the method, it is possible to measure an organisation's development. However, it does not measure the external effects of the organisation's work. This is an intentional limitation. It is based on the conviction that the organisation's output and development are of decisive importance for the long-term effects - impact.

Main features of the model

The Octagon is based on the idea that it is possible to capture an organisation's profile and development with the aid of four fundamental dimensions. First and foremost there must be a *structure* and certain specified goals - the organisation stands for something. And then the organisation has the objective of fulfilling a mission: it produces something for its target groups, i.e. an *output* leaves the organisation. *Internal resources* are built up gradually to deal with current work and forthcoming work. The organisation also *relates* to the world around it: partly to its closest target groups and partly to other actors in society. Actors in society can be influenced and provide legitimacy. The organisation's networks are of central importance.

The diagnostic model, the Octagon, is built up in four dimensions, each with two aspects. These are:

Organisational foundation or base: *Structure and identity*

- *The structure*, which is visible in the form of management and the division of duties and responsibilities
- *The identity*, which is expressed in a basic concept - the organisation has articulated why it exists.

Output: *Production and content*

- An *output* leaving the organisation is a clear indication that the organisation is functioning as intended.
- The *content* of the output is placed in relation to the production goals: Does the output we have actually produced correspond to what we have said that we want to do?

Development of the organisation's capacity: *Professional skills and resources*

- On the one hand, the *professional competence* of - voluntary or paid - staff and management to run and develop operations;
- On the other hand, *resources* in the form of *systems and finance*, likewise to run and develop operations.

Relations: *Target groups and the outside world*

- Interaction with *target groups*: Does the organisation know its target groups and does it work actively with these groups?
- Interaction with other actors in its immediate *environment*: What support does the organisation have in the community and what can it do to mobilise support for its cause?

The eight dimensions have been placed in the Octagon. Each dimension is represented by an axle with a five-point scale (see Figure 1). The dimensions are ranked with the aid of the methods that are described in a special section below. When all the dimensions have been evaluated and ranked, the points are linked together to form a picture of the organisation's profile.

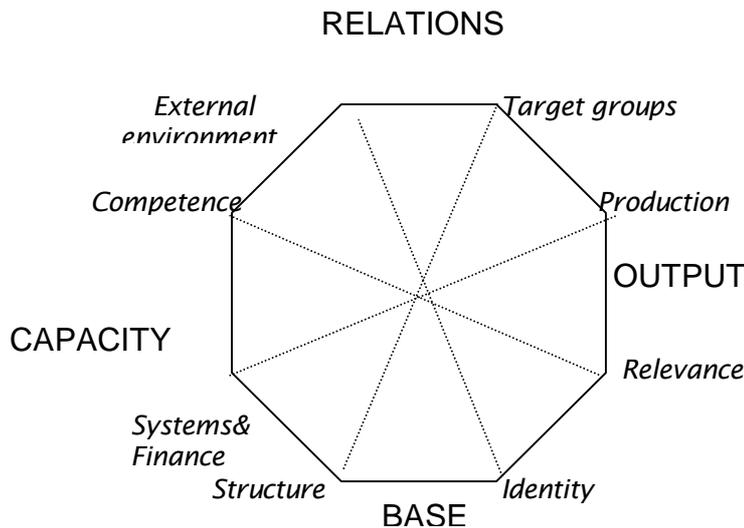


Figure 1. The dimensions of the Octagon

The Octagon for non-governmental organisations

The Octagon's dimensions have been adapted and supplemented with indicators to adjust it to non-governmental organisations. The following describes the reasoning for the adjustments.

Dimension 1 – Base or foundation

An institution's strength is demonstrated by, for example, its structure which holds the organisation together, regardless of its leadership or membership. A structure of this type can be demonstrated in a clear division of duties and responsibilities.

A strong institution has a democratic structure and is open to insight. The application of democratic rules also includes promoting the participation of women. Furthermore it is important that the organisation has a basic concept of what it wants to achieve and how it should do it - *mission and vision*.

How can we overcome the difference between the Swedish concept of the *popular movement* and the concept of the *NGO* which is often used abroad? The solution here is not to use a special dimension to capture this aspect. The basic data on the organisation's size and its number of members, which are produced in any case, may supplement the Octagon's diagnosis.

Another question is whether registration at the authorities is a good indicator of the degree of structure. It is quite clear that in certain countries it can be impossible for an organisation to be "open".

Dimension 2 - Output

Every organisation has the ambition to supply something, to contribute to a change for the better. An important criterion in the assessment of an organisation's strength is therefore whether it has succeeded in delivering what it has promised. This is naturally a question of the quantity and quality of the output leaving the organisation.

One important aspect in this assessment is whether the organisation has the capacity to make realistic plans based on its policy. One indicator is therefore whether it has performed as planned. Here the relationship between the dimensions Output and Resources will be very evident.

Instead of measuring real results, there is a risk of falling for the temptation of counting seminars without examining the quality of these seminars. It is therefore important to see whether there is a continuous discussion on the output: if it actually leads the work of the organisation forwards towards its goals. Does the output correspond to the basic concept? Is the organisation a learning organisation?

Dimension 3 - Development of the organisation's capacity

This refers to all the internal resources that an organisation needs to be able to do its work and to develop the organisation. In other words, this is not merely a question of finance, it also refers to the inputs of the staff and volunteers as well as various systems and structures that create efficiency and stability for the core operations.

In order to make it easy to measure these resource components while still providing a good, overall picture, clear and competent leadership has been identified as an indicator. Good management provides leadership and demonstrates the ability to make good use of the potential of the staff.

Dimension 4 - Relations

This dimension refers to interaction with the target groups. The decisive factors are the degree of support and acceptance that the organisation receives from its target groups and whether it conducts an active dialogue with the target group. It also refers to whether the organisation interacts with its surroundings: whether it has succeeded in creating legitimacy for its work and if it participates in active networks.

The dimension concerns different approaches to legitimacy which, in turn, affects the organisation's strength and its output.

Components of the tool

The components of the tool consist of the:

Guide which gives users guidance in the use of a
Form. This is an aid that is used when data is collected for further processing in
Tables: There are four tables and are linked to a
Overall table and a
Diagram that presents the result in the form of an Octagon

All these components are available on a diskette together with the manual.

The Octagon's dimensions and indicators

1. Organisational foundations

Indicator 1.1: Structure

Condition 1: There is a clear division of duties and responsibilities in the organisation

- **There is an up-to date organisation chart in which functions are defined**
- **Members of staff are clear about their position and role in the organisation.**

Structure in an organisation means that duties are allocated and coordinated. The structure can then be made more specific in various ways, for example by documenting it in an organisation chart. However, the crucial factor is the extent to which there is a specific, practical division of duties.

For the highest points it is necessary that everyone knows the duties, responsibilities and powers they have in the organisation. This is supported by an organisation chart or similar document that defines functions in the organisation.

The reverse is a situation in which everyone is able to do all types of duties but no one has been given any special responsibility. This is the opposite of structure and therefore gives the lowest points.

An intermediate situation is characterised by a certain division of duties but a lack of clarity in respect of who really should do what.

It is important to understand that structure is not the same as hierarchy, i.e. a pyramidal structure. In principle the structure can be flat - it is still a structure.

Issues to begin with:

Documentation in the form of organisation chart or similar.

The assessments made by management and the staff.

The evaluator's assessment based on what is visible in the organisation, for example the office environment.

Condition 2: The organisation uses democratic principles.

- **Decision-makers can be held responsible for their decisions**
- **There are systems that specially encourage the participation of women in the decision-making process.**

The concept of the structure of the non-governmental organisation also includes the application of democratic principles in the work of the organisation. In this respect, one of the most important principles is that decision-makers can be held responsible for their decisions and actions. A democratic structure naturally also includes the participation of women and encouragement of participation by women.

The best situation in this respect, which gives the highest points, is a completely transparent situation where there are routines and systems for the approval of annual accounts and reports and for the examination of decisions made by decision-makers. The best situation also includes clear indications that women are really encouraged to participate in decisions, for example in the form of women's representation, activities designed to promote active participation, programmes to develop the managerial skills of women etc.

The lowest points are given in situation where no one is held responsible at all and decision-makers can do as they please. In this worst case scenario there is absolutely no interest at all in allowing women to participate in the decision-making process.

The characteristics of an intermediate situation are that the organisation has the ambition to establish democratic decision-making procedures and there are clear indications that democratic principles are being applied.

The issue of women's participation is an issue of democratic principle. It can also be applied to other groups that are marginalised or prevented from participating - it can be of value to test this issue in the concrete situation!

Issues to start with:

Annual general meetings held.

Plan for the participation of women in the organisation's activities.

Breakdown between men and women in management reflects the group represented by the organisation.

Indicator 1.2: Identity

Condition 1: The organisation has formulated a basic concept

- **The vision of the organisation is expressed in writing.**
- **The organisation has clearly defined itself on the basis of its basic concept.**

The organisation's identity is expressed in different ways, for example with the aid of written declarations that describe why the organisation has been started, the objectives the organisation wishes to achieve in the future (vision), and what the organisation wants to contribute (mission). The organisation's members are then, to varying degrees, supporters of the basic concept.

The best situation, which is given top points, is that the organisation's vision is documented in writing, is accepted by all members of staff, and is spread outside the organisation. The basic concept has also been transformed into descriptions of what the organisation intends to do, which have been accepted and spread in the same way.

The lowest points are given when the organisation has no idea at all of any desirable objectives it wishes to achieve or its mission in society.

A characteristic of an intermediate situation is that a person who wishes to find out about the organisation's basic concept can be given guidance in the form of written and oral descriptions.

Issues to start with:

Prospectus, a "paper", which describes the organisation's mission and vision.

Quality assessment - what does the prospectus contain?

The staff's description of the basic concept.

Condition 2: The organisation has formulated relevant strategies

- **There are specific strategies linked to the basic concept.**
- **Sub-goals have been formulated that define what shall be achieved to realise the vision and overall goals.**

Where the organisation's level of development is concerned, the crucial factor is whether there are strategies – lines of action to realise the basic concept. The strategies must reflect what the organisation claims to be working with.

Sub-goals are stages on the road to the overall goal and are thus an expression of strategic considerations.

The best situation - highest points – is that the organisation has devised strategies that have been documented, which are closely associated with the basic concept. In this case the organisation has specified the sub-results that shall be achieved.

The lowest points are given when the organisation has no strategies at all, not even ideas that can be expressed orally on how the organisation should proceed towards its overall goals.

The characteristic of an intermediate situation is that work has been started on drawing up strategies: there are documents that contain strategic considerations.

Issues to start with:

Existence of strategy documents

Existence of strategy discussions

Existence of sub-goals.

2. Output

Indicator 2.1 Production

Condition 1: The organisation produces planned output

- **There are specific plans of operation for the organisation's output.**
- **There are documented results that can be traced back to the plans.**

An organisation contributes something to the world around it. We call this "output" in order to emphasise that it is a question of goods or services that leave the organisation. In other words it is not a case of output for internal consumption, for example internal information. This concept is not without problems in non-governmental organisations. Does a meeting with members at which there is a discussion of different matters of mutual interest constitute an "output"? In order to answer the question we must ascertain what the organisation itself defines as outputs that are intended for its target groups. The first critical question is thus whether the organisation is able to describe an output - the first step in an operational plan.

The best situation is when the organisation can produce operational plans that are actually used in "production". Furthermore results achieved have been documented and can be traced back to the plans, i.e. it is possible to see the extent to which the plans have been fulfilled. Finally the organisation succeeds in achieving planned results.

The situation with the lowest points is characterised by a total absence of operational plans and an inability to describe what the organisation should achieve in terms of output.

An intermediate situation is characterised by the presence of operational plans, but it is not completely clear whether they cover all operations or if all results can really be traced back to the plans.

Issues to start with:

Description of the output to be produced.

Existence of operational plans.

Information on the output that is actually produced.

Condition 2: The organisation follows up the output and its use

- **The quality and quantity of the result are placed in relation to resources invested and evaluated.**
- **There are routines to make good use of experience gained from production in the new plans.**

In this context, follow-up means that results achieved are really compared against plans. A discussion is held on the extent to which the results correspond to the plans, partly in quantitative terms and partly in qualitative terms. Deviations are discussed and used to advantage in future planning.

The best situation - highest points – is that there is clear evidence that a continuous discussion is held on results in relation to resources (productivity). The conclusions drawn from this discussion have a clear impact on planning.

The lowest points correspond to a situation where there is no follow-up. The organisation has no idea of the cost of its output and continues as before, without giving any thought to whether revisions could be needed.

The intermediate situation is characterised by a certain degree of awareness that resources need to be used well and there is also a picture of the quality that should be achieved. This awareness also leads to questions being asked on how operations should be run in the future.

Issues to start with:

Descriptions of routines and systems for regular follow-up.

Descriptions of routines and systems to make good use of experience gained from production.

Examples of feedback of experience.

Indicator 2.2: Relevance

Condition 1: Output corresponds to the basic concept.

- **There is a clear link between output and the basic concept.**
- **Planning and methods development are given priority in the organisation.**

The clear link between output and the basic concept means, in this context, that commercial activities or the exercise of authority does not take over the core concept. Commercial activities to raise funds are fully legitimate as long as they do not dominate or are in conflict with the basic concept. Likewise, an NGO's interest in monitoring human rights or the environment can coincide with the interests of public authorities and give the organisation paid assignments. However, in these cases they coincide with the operationalisation of (the plans to realise) the overall goals.

The fact that planning and methods development is given priority in an organisation is an indication that the organisation gives due attention to the relationship between the overall goals and their realisation in the form of output. Methods development can increase the prospects of transforming goals and plans into practice.

The best situation is that a discussion is actually held on the relationship between the output and the concept and that output is actually considered to correspond to the basic concept.

Lowest points are given when no link can be established between the basic concept and output and when planning and methods development are considered totally uninteresting.

The intermediate situation is characterised by a discussion on the relationship between output and idea but the extent to which they actually correspond is unclear.

Issues to start with:

Existence of meetings and documentation on output and the basic concept.

Management interest in the relationship between output and the basic concept.

Methods development is documented.

Condition 2: The method of producing output corresponds to the basic concept.

- **Working methods are permeated by the organisation's basic concept.**
- **Working methods are evaluated as a part of operations.**

It is not fitting that an organisation that helps children deliberately exploits children or purchases goods from manufacturers that exploit children. It is not fitting that an organisation that works for women's rights holds back women at the work place. Working methods must be in line with methods/goals. Awareness of this requirement is indicated when the organisation evaluates its working methods. In this context evaluation means that the methods are openly and critically examined by the members of the organisation.

Highest points are given when the organisation practises what it preaches. There is full awareness of the necessity for agreement between methods and goals and the organisation has introduced routines to evaluate its working methods.

Lowest points are given to when there are double standards and self-contradiction in the organisation. The organisation is deliberately run with methods that are in conflict with the basic concept.

An intermediate situation can be characterised by a discussion in the organisation on the working methods. However, no systematic evaluation is made.

Issues to start with:

There are working methods in policy or strategy documents.

Discussions on working methods are held in the organisation.

Routines have been introduced to evaluate working methods.

3. Development of the organisation's capacity

Indicator 3.1: Professional skills

Condition 1: The staff have relevant professional qualifications and experience

- **There are job descriptions for all posts in the organisation**
- **The staff possess the qualifications and experience given in the job descriptions.**

The persons working in the organisation - members, volunteers and employees - should have the qualifications and experience necessary, as far as possible, to achieve goals and plans. This is not merely a question of formal qualifications, it also includes what can be called tacit knowledge. The point of engaging target groups in operations is primarily to gain access to information about the needs of the target groups. It is important that, in the organisation, there is an understanding of the importance of qualifications and experience that is also shown in practice. This would be indicated by the existence of job descriptions or similar and that the people working for the organisation actually have the qualifications and experience stated in the job descriptions.

To bear in mind. There are many organisations, particularly small organisations, where is job rotation among the members. Nevertheless they can possess the competence to perform different duties. Job descriptions in organisations of this type can have a slightly different appearance, but nonetheless express the criteria required by the organisation.

Highest points are given to organisations that have documented job descriptions for different posts and which, in addition, have staff in place that fully meet the criteria of the job descriptions. Therefore, in the ideal situation there are no vacancies and all members of staff have exactly the qualifications required.

The lowest points are given to organisations in which there are no documented requirements of qualifications and experience and that the skills possessed by the staff are vague.

An intermediate situation is characterised by an ongoing discussion on qualifications and experience and that initial attempts are being made to formulate criteria. The staff have qualifications and experience that are satisfactory from the operational point of view.

Questions to start with:

Existence of documented job descriptions.

Existence of discussions on appropriate qualifications and experience.

Recruitment strategy and selection procedures.

Condition 2: There is competent management

- **Management is recognised and legitimate in the eyes of the staff.**

- **Management has produced a plan for personnel development that takes into consideration both individual needs and the group as a whole, and that is permeated with an equality perspective.**

The competence of management is shown, for example, in its capacity to make good use of the skills and potential of the staff. This also means that the entire work force, women and men, are encouraged to participate and develop. The response to the interest of management can be seen in the fact that management is recognised as management by the staff.

The highest points are given to organisations where there is a living plan for human resource development, where the plan is in use and discussed and where the staff show their active support for management. There are concrete examples of programmes to develop the staff regardless of their sex.

The lowest points are given to organisations where management does not have legitimacy or is not present at all in operations. In this type of situation there are no plans for human resource development.

The intermediate situation is characterised by management which is visible, for example members of staff can refer to directives from management. There is no plan for human resource development, but the issue of staff development is on the agenda.

Issues to start with:

Existence of regular meetings with the staff.

Existence of a plan for human resource development.

Existence of programmes to promote equality.

Indicator 3.2: Systems and financing

Condition 1. There are funds for operations

- **There are financial resources to implement the plans.**
- **The organisation has a plan to have more than one source of finance.**

All organisations are more or less dependent on external sources of finance. A non-governmental organisation is normally dependent on donations, tax grants and support from donor organisations. Crucial factors for the ability of an organisation to survive are the capacity it possesses to handle its financial dependence and a realistic perception of what it can take on. A highly developed capacity to handle financial dependence is accompanied by a will to spread risks and to avoid one-sided dependence on one single financier. If the organisation understands that it should not become involved in larger projects than it has financial and other resources for, the risk of problems also decreases as does, in the long-run, the risk that the organisation may have to cease to exist.

In the most favourable situation - full points - the organisation can show that, in all probability, it will have more sources of finance for its work in a year's time. It can

also show that resources really exist for ongoing and planned projects, as well as for regular operations.

The reverse, i.e. the worst situation and lowest points, is that the organisation barely manages to survive, with the aid of funds it happened to obtain from one financier, who perhaps also has started to become involved in operations. Nevertheless the organisation has great plans and ongoing projects that, if they are fulfilled, will necessitate more capital.

Characteristics of the intermediate situation can be that resources are available for projects, but only in the short term, and that financing of basic operations – normal administration etc - is lacking. The organisation is dependent on one financier, but anticipates that it may be possible to obtain financing from another source.

Issues to start with:

Breakdown of sources of finance: foreign, other external, internal

Types of sources of finance: project support, grants, sales, donations, government support etc

Budgets for planned projects.

Condition 2: The accounts are in good order

- **There are observable systems and routines for the bookkeeping of expenses and income (cash ledger) and of assets and liabilities**
- **Last month's transactions have been recorded in the books and are in good order.**

Well-developed internal systems and routines of different types are important components in a good organisation. One system that reveals a great deal about the state of affairs in an organisation is its bookkeeping. A cash ledger in which transactions are recorded regularly is a good start. A further indication that the bookkeeping is in good order is the existence of performance reports for the last few years.

To bear in mind. In many countries, particularly those in which democracy is fragile or there is a dictatorship, the concept of double bookkeeping tends to have the meaning of registered and unregistered transactions. This can be necessary to avoid harassment and confiscation, but at the same time it increases the risk of corruption.

The best situation is when there are approved performance reports for the organisation since it started operations, and that the accounts system is installed, in good working order and used.

The worst situation is when the organisation has no cash ledger at all.

An intermediate position is characterised by the existence of bookkeeping, but it is difficult to obtain an overall picture of the financial situation and trends.

Issues to start with:

Existence of bookkeeping.

*There is a cashier/accountant.
Existence of an annual report.*

4. Relations

Indicator 4.1. Target groups

Condition 1: The organisation has the support of target groups

- **Target groups are clearly defined.**
- **The organisation has legitimacy in the eyes of the target groups.**

The support of the target groups can be seen in different ways. Firstly the organisation must have a clear idea about the target group(s) it is working for. The target group(s) must be defined. Secondly it is important that the organisation is active in its relations with its target groups and that the target groups accept the organisation and its work.

The best situation is that the organisation has documented how the target groups are defined. There are also clear indications that the organisation has legitimacy in the eyes of the target groups, for example persons from the target group contact the organisation's representatives, the organisation can show that it is appreciated by the target groups and so on.

The worst situation is when the organisation is totally unknown. The organisation hesitates when asked to point out whom it works for.

A characteristic of an intermediate situation is that there are target groups that the organisation works with but they are not completely defined. The organisation is known among target groups but there is some uncertainty as to what the organisation stands for.

Issues to start with:

Documents that define the target group(s)

Interviews/questionnaire surveys with representatives of the target group(s) (evaluator's and organisation's).

The organisation's assessment of its legitimacy (indirect).

Condition 2: The organisation conducts an active dialogue with its target groups

- **The organisation encourages the continuous and broad participation of the target groups in its operations, and in its review of operations.**
- **Representatives of the target groups participate in one way or another in both the planning and the evaluation of activities.**

To enable the organisation's work with the target groups to develop, it is necessary that the organisation is aware of the needs of the target groups and of how its activities contribute to meeting these needs. Since it is often a question of qualitative work, where it can be difficult to specify the activities, it is even more important to have close and regular contacts. If the target groups are actively engaged in operations, it is easier to adapt activities to needs.

To bear in mind. The activities of certain organisation can be highly specialised, for example legal aid. The engagement of the target groups in activities must then be assessed on this basis.

The best situation is characterised by the clear involvement of the target groups in operations, which is visible in the practical work and reflected in the documentation. There are also clear indications that the participation of target groups is encouraged.

The worst situation is that the target groups are invisible in the planning and evaluation of activities. The organisation is closed to the points of view of the target groups, since this is most comfortable or because the target groups do not understand what is best for them.

A characteristic of an intermediate situation is that the organisation is open to the target groups but there are no systematic activities to engage them in operations.

Issues to start with:

Regular activities and arrangements for contacts with target groups.

Activities to encourage the participation of target groups in operations.

Examples of target group influence.

Indicator 4.2: The working environment of the organisation

Condition 1: The organisation has legitimacy for its work

- **The organisation uses a clear strategy to provide information about its operations.**
- **The organisation is recognised as an actor in its field of work.**

The start point for being recognised is being known. To enjoy legitimacy the organisation must communicate its message. The indication that it is doing this is a strategy for information which is applied in practice. The indication that the organisation really has legitimacy is that it is recognised by other major actors as an actor in its field of work.

To bear in mind 1. In several countries NGOs are regarded as competitors or provocateurs in relation to the state. They do not thus possess legitimacy in the eyes of the state but are nevertheless recognised as important (even if irritating) actors in their working field. This should not give lower points.

To bear in mind 2. The endeavours to provide information must be placed in relation to the size of the organisation. A small organisation does not have the same capacity at its disposal as a major popular movement.

The best situation is that an information strategy is being used and that the organisation is mentioned and noticed in society in different contexts.

The worst situation is that the organisation is not known and it does not have a strategy, not even an oral strategy, for providing information about its existence.

Issues to start with:

Existence of an information strategy.

Knowledge possessed by actors in the organisation's working environment (NGOs, companies, authorities, donor agencies etc) about the organisation.

Existence of articles in the press etc on the organisation.

Condition 2: The organisation has an active network

- **The organisation is part of, and participates actively in, existing networks (geographical and/or thematic).**
- **The organisation takes initiatives for coordination based on the context it works in.**

The possibilities available to the organisation for its survival and work are strongly related to how it tries to collaborate with others, in both the short and long term. Collaboration can be spontaneous, "obvious", or deliberate, strategic.

The best situation is characterised by the active participation of the organisation in existing and functioning networks and also, whenever necessary, building new networks and strategic alliances.

The worst situation is when the organisation competes with all other NGOs in its working field.

An intermediate position is characterised by the organisation participating in different networks, but mostly by chance. It does not review its participation in the networks and does not take any initiatives of its own.

Issues to start with:

The organisation is able to name networks in which it participates.

Documentation of regular meetings with networks.

Examples of common activities in the networks: Methods development, information, projects aimed at the target groups etc.