



Pathways for Addressing Social Needs: Operational Matters

Providing the Structure to Operate the Program





Overview

- There are key operational items that need to be considered when starting a new program/project.
- If a new program is not part of an existing organizational structure, then key operational items need to be focused on to ensure it runs smoothly.
- Key operational items that need to be considered include:
 - Corporate Bylaws
 - Operating Policies/Procedures
 - Developing a Budget
 - Accounting
 - Information Technology
 - Human Resource Matters
 - Space/Facility Needs
 - Business License/Regulatory Matters
 - Reporting Structures
 - Legal Issues



Corporate Bylaws

- If a new program is not being operated under an existing organization, then an organizational structure needs to be created to operate the project (See the document “Creating the Organizational Structure”).
- Bylaws need to be developed for the new organizational entity.
- Bylaws are a type of governing document containing the rules adopted by a corporation, association, or other organization to regulate its internal management and operations.¹
- Bylaws address issues such as the board meeting schedule, how board members are elected, the responsibilities of the members, and the process to dissolve the corporate entity.

Policies and Procedures



- Policies and procedures help to clearly define the principles upon which the organization operates and offer a foundation for the management and administration of the business entity.
 - Policies state the rules that communicate key values, acceptable behavior, and ensuring compliance with legal rules/regulations.
 - Procedures specify the actions that guide how the policies get implemented.
- Having the necessary policies and procedures in place—as well as a system to manage compliance with those policies—will help you accomplish your organization’s strategic vision while protecting its people, reputation and bottom line.²



Developing the Budget

- To operate a program/project effectively, a realistic budget should be developed to help implement the goals/objectives and achieve the vision.
- A budget calendar should be established to ensure the process is completed timely.
- While the leadership team develops the budget, its final approval is the responsibility of the Board of Directors.
- The budget should be reviewed on a regular basis by management to compare actual financial performance against the projections.
- Unforeseen factors or issues that arise with the program/project may require that the budget be adjusted.
 - Changes to the budget should be reviewed and approved by the board.

Accounting Processes



- Developing good accounting practices to closely track revenues and expenses will keep the program/project on good financial standing.
- Generally Accepted Accounting Principles (GAAP) should be followed when setting up the accounting system for the program/project.
 - Clear policies and procedures for handling monies collected by the organization will help prevent fraudulent activities and conflicts of interest.
- If the organization does not have accounting expertise on its staff, then an outside accountant/accounting firm should be hired to assist with financial management and reporting.
- The organization needs to stay in compliance with all mandated financial reporting requirements established by governmental entities.

Information Technology (I.T.)



- The advancements in information technology can assist a program/project in operating more efficiently and in better serving its constituents.
- An assessment should be done to identify what I.T. tools/resources will benefit the program/project with key functions such as tracking key activities, accounting, inventory management, human resource operations, forecasting, allocating resources, and other key processes.
- A nonprofit should manage information with regard for confidentiality, safety, accuracy, integrity, reliability, cost-effectiveness, and legal compliance. A nonprofit should incorporate appropriate technology into its work to improve its efficiency, efficacy, and accuracy in the achievement of its mission.³



Human Resource Management

- Human resource policies are important to stay in compliance with the law, reduce risks, and to protect the organization by creating a fair, structured, and equitable work environment.
- In setting up a new program/project some key human resource issues to consider include:
 - Creating clear and realistic job descriptions
 - The onboarding of new staff
 - The recruitment and hiring of staff
 - Dealing with disciplinary issues
 - Employee benefits
 - Evaluating and recognizing staff
 - Creating a fair, just, and supportive culture
 - Retaining good employees
 - Staying in compliance with all H.R. laws
 - Compensation of employees
 - Setting up systems to track employee time and attendance
- Nonprofits that prioritize strategic hiring, invest in their people, and foster strong workplace cultures will continue to build resilient and impactful teams.⁴



Space and Facility Needs

- One must consider what type of space or facility will be needed to house the new program or project.
- The main goals of space planning are to optimize space usage, enhance movement flow, and create a cohesive design that meets the occupant's needs, ensuring that every element in a room serves a purpose and contributes to the overall harmony of the space.⁵
- Key considerations when planning for the space for a new program/project include:
 - Key needs of the program
 - Flexible use of the space
 - Maximizing the use of the space
 - Staying within the budget
 - Accessibility of the space
 - Design of the space in meeting program goals
 - Planning for program growth
 - Serving the needs of the customers and staff
 - Security and safety
 - Privacy and confidentiality concerns



Regulatory Matters

- If an organizational structure is required to operate a new program/project, some key regulatory items that need to be considered include:
 - Creating a formal business name under which the organization will operate.
 - The business name needs to be registered in the state where the organization operates.
 - Securing a business license with the state.
 - Getting an Employer Identification Number (E.I.N.) with the Federal Government.
 - Filing the appropriate paperwork depending on the business structure selected for the organization (i.e. not-for-profit, corporation, etc.).
 - Securing any required local permits (i.e. if food is being handled by the organization, then a permit might be needed).
 - Obtaining a seller's permit from the state if the organization will be involved in the retail sales of items.
- In establishing a new business entity, it is important to check any requirements that might be required at the state or local municipality level.

Reporting Structure

- The development of a new program/project requires that the reporting of management and staff be clearly charted and communicated.
- The organizational chart provides a visual depiction to show how the staff of the company report, including listing their roles, key responsibilities, and their formal reporting relationships.
- Some staff may have dual reporting relationships that should be clearly diagramed on the organizational chart.
- The organizational chart describes what the architecture of cooperation looks like in the organization in order to carry out its work.⁶





Legal Issues

- Organizations should be proactive in identifying potential legal issues that may arise in operating a program or project in the community.
- Today organizations are facing more legal issues as modern society has become more litigious.
- Possible legal issues may arise related to customer/client interactions, employee issues, and concerns from the broader community.
- Organizations need the resources of legal experts to help direct and protect them if an issue arises.
- Taking proactive steps, such as putting policies and processes into place, may help an organization prevent a legal complaint.
- The availability of legal services can also help an organization ensure it is compliant with government regulations and laws that must be followed in operating a business.
- Organizations should have liability insurance to protect them and their agents against potential issues that may arise in fulfilling their mission.



Conclusion

- Developing a program or project to serve the community requires creating the organizational structure under which it operates.
- There are numerous operational considerations that organizations need to be aware of in operating a successful business.
 - Operational matters include financial, human resources, I.T., reporting relationships of the staff, adhering to government regulations, legal issues, physical space needs for the organization's programs, and having clear policies to guide operations.
- Organizations should take advantage of resources online and seek the advice of experts (i.e. accountants, lawyers, etc.) in navigating all of the operational issues facing companies today.



Online Resources

- **Nonprofit Accounting Basics**

- Provides articles and videos on accounting topics for nonprofit organizations.

<https://www.nonprofitaccountingbasics.org/>

- **National Council of Nonprofits**

- Provides information regarding compensation, managing employees, and a free newsletter addressing H.R. issues in nonprofits.

<https://www.councilofnonprofits.org/running-nonprofit/employment-hr>

- **Local Legal Aid Foundations**

- Check the local legal aid foundation in your area for assistance with legal questions.

- **Local Initiatives Support Corporation**

- Provides an example of a policy and procedure manual for organizations to use as a template.

https://www.lisc.org/media/filer_public/bf/71/bf7195f1-7790-4e9e-a37e-8072e660686b/051419_sample_policies_procedures_manual_effective_board_training.pdf

Reference Notes

¹Legal Information Institute, “*Wex Toolbox: Bylaws*,” Cornell Law School, August 2025, <https://www.law.cornell.edu/wex/bylaws#:~:text=Bylaws%20are%20a%20type%20of,its%20internal%20management%20and%20operations> (accessed September 30, 2025).

²Association of Corporate Council, “*Definitive Guide to Policy and Procedure Management (Second Edition)*,” NAVEX Global, 2017, <https://www.acc.com/sites/default/files/resources/upload/MM%20Compliance%20Policy-management-abridged-definitive-guide%20wLink.pdf> (accessed September 27, 2025).

³Drew Embury and Jake Molko, “*Information Technology Planning for Nonprofits*,” Nonprofit Association of the Midlands, July 24, 2014, <https://www.nonprofitam.org/guidelines-and-principles-information-technology> (accessed September 26, 2025).

⁴Chelsea Ohlemiller, “*HR Focus Group Findings- Key Challenges and Opportunities for 2025*,” Charitable Advisors, March 17, 2025, <https://charitableadvisors.com/hr-focus-group-findings-key-challenges-and-opportunities-for-2025/> (accessed September 30, 2025).

⁵Clover Designs, “*The Ultimate Guide to Space Planning: Creating Functional and Beautiful Interiors*,” September 18, 2024, <https://cloverdesigns.us/the-ultimate-guide-to-space-planning-creating-functional-and-beautiful-interiors/> (accessed September 25, 2025).

⁶Paulina Alvarado-Goldman, “*Nonprofit Capacity Building Tools: Organizational Charts*,” Capacity Building and Policy Experts,, August 13, 2025, <https://capacityexperts.com/nonprofit-capacity-building-tools-organizational-charts/> (accessed September 27, 2025).