

A man with glasses and a beard, wearing a dark suit and tie, is seated in a wooden chair, looking down at a large document he is holding. He is in a study or office with bookshelves filled with books in the background. A framed portrait of a man is on a desk behind him. The image is overlaid with a dark grey semi-transparent box on the left side containing the title text. The overall image has a professional and serious tone.

5 tips for NGOs aiming at Commercial Contracts

About us



We build better NGOs



We help them be better funded



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Managing Director

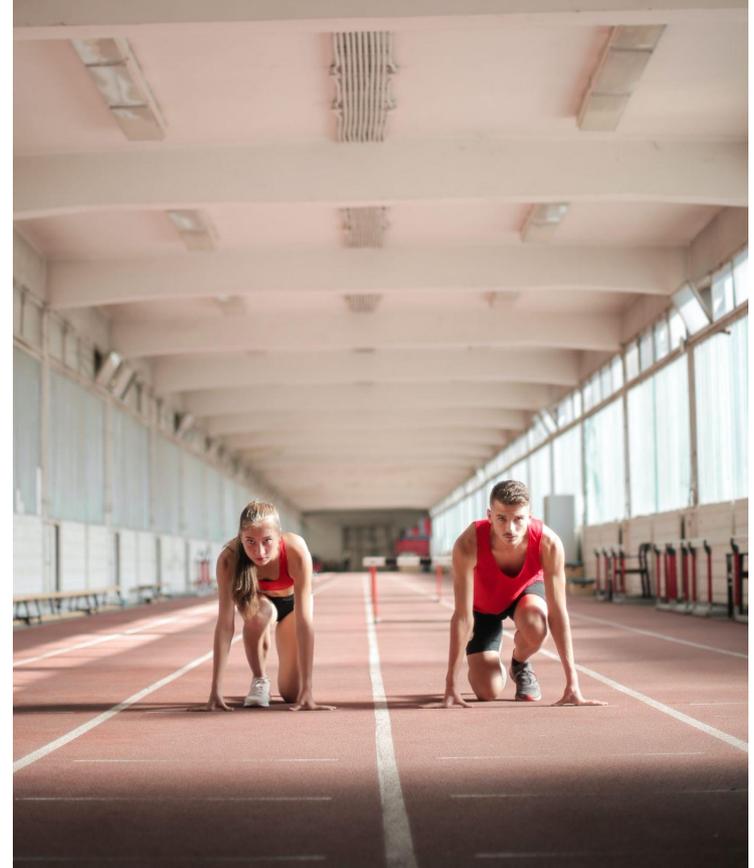
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There are good reasons to go for it

- Because Commercial contracting opportunities far exceed grant allocations, they could become a key funding source.
- If NGOs don't adapt, it risks the **development and aid sector becoming too commercial**.
- Commercial contracts prefer achievable projects where **risk is manageable and likelihood to get fully paid is high**. That means marginalized communities could receive even less help. A commercially capable organization that remains an NGO at heart will make a huge difference here.

1. Get ready and serious

- **Get ready!** Are we set up to contract? Do we know our costings? Can we store a profit?
- **Hit the sweet spot** between commercial viability and a programmatic fit. Serve NGO mandate and earn unrestricted funding.
- Define and develop a **realistic plan!**
- **Competition.** Don't mirror the competition, add your NGO characteristics as a unique selling point.





2. Be prepared to make a fast decision

- **Short timelines.** Make go or no go decision fast, typically within 3 to 7 days.
- NGOs struggle with the **Administrative burdens of a contract.** Prior, proper preparation helps to reduce the costs and time of compliance and reporting.
- **Streamlined processes** need to enable critical project decisions to be made in a few days only as contracts are inherently more agile.

3. Get used to a new way of thinking about budget

- NGOs usually work with a capped cost budget plus a management fee both set by the donor.
- Commercial contracts **do not** usually come with a **pre-determined price tag**. Bidders put the most innovative, cost-effective and relevant cost structure to suit the projects.
- **Payment by results** needs to be understood.
- A program with a competitive & reasonable budget requires a **change in thinking and detailed knowledge about an organization's own cost base**.





4. Build alliances from the get-go

- **Rarely does the lead agency implement a project alone.** Alliances, subcontracting and consortia are the norm. Build them early.
- NGOs are very accustomed to working through implementation partners. **For commercial contracts, this arrangement needs to be better defined, with clearer task delegation and contracts between partners.**

5. Rethink project management

- **Managing a commercial contract to the required service level is different from managing a grant program.** Requirements for administration, reporting and management are often more onerous.
- Contracting agency becomes **less of a partner and more of a client** who expects excellent customer service to satisfy taxpayer demands.
- To build long term success, **a new project management mindset is required (from compliance to impact).**



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Check out our blog and upcoming events on our website: www.mzninternational.com

Online

Agile management for NGOs: New ways to survive and thrive

📅 Wed, 18 May 2022, 13:00 - Wed, 18 May 2022, 14:00 GMT



How to Turn Around a Financially Distressed NGO

25 May 2022 @ 2:00 pm - 3:00 pm CEST

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