New Topics in Strategic Nonprofit Management

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2014 Housing Matters! Conference
Housing Action Illinois
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@Opendooradvisor
The Strategic Management Conundrum

The challenge to maintain, scale and grow
What’s new about this new normal?

- New strategies for improving long-term financial, organizational **sustainability**
- New directions for recognizing and managing **talent** within organizations
What’s new about this new normal?

**Themes for Today**

re·sil·i·ence noun \ri-ˈzil-ənt\r
: the ability to become strong, healthy, or successful again after something bad happens

: the ability of something to return to its original shape after it has been pulled, stretched, pressed, bent, etc.

Source: Merriam-Webster
Participating with Poll Everywhere
How to vote via texting

How's my presentation so far?

Text a **CODE** to 22333  Submit responses at PollEv.com/presenterpeter

- It's amazing. 744061
- It's incredibly amazing! 744402
- It's aw'right. 744403

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Participating with Poll Everywhere
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41% of nonprofits named “achieving long-term financial stability” as a top challenge, yet:

- More than half of nonprofits (55%) have 3 months or less cash-on-hand.
- 28% ended their 2013 fiscal year with a deficit.
- Only 9% can have an open dialogue with funders about developing reserves for operating needs, and only 6% about developing reserves for long-term facility needs.

A Model for Today’s New Normal

Financial and Organizational Sustainability
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Financial and Organizational Sustainability Cycle

- Financial capacity
- Team’s capacity to adapt
- Measureable impact
- Strategic Communications
- Alignment of the team
- Business model

Adapted from The Foundation Center and the National Center for Nonprofit Enterprise
Bottom line....

FINANCIAL SUSTAINABILITY IS A LEADERSHIP CHALLENGE.
Team’s Capacity to Adapt

Financial and Organizational Sustainability Cycle
Capacity to adapt
Measurable, Observable Impact

Financial and Organizational Sustainability Cycle
Measurable, observable impact

Do you know where are align?

Source: PolicyLink, Promise Neighborhoods Institute
Measurable, observable impact

Our work is......

**Research Informed:** A strong logic model ties the proposed intervention to what research tells about how to impact outcomes.

**Evidence Informed:** The intervention design is based on research evidence about effective practice in this area.

**Promising Findings:** Evaluations show positive outcomes for participants (pre and post)

**Demonstrated Impact:** Evaluations show better outcomes for participants than for a matched comparison or control group

**Demonstrated Ability to Replicate:** Outcomes are consistent across replications

Source: PolicyLink, Promise Neighborhoods Institute
Strategic Communications

Financial and Organizational Sustainability Cycle
Strategic Communications

Differentiated

Credible

Organization

Effective

Authentic
Maintain and Improve Upon Your Brand Identity

94% of people cited web design as the reason they mistrusted or rejected a website.
SOURCE: 2012 Mobile User Survey

It takes only 0.05 seconds (blink of an eye) for visitors to form an opinion about your website.

40% of people will abandon a web page if it takes more than three seconds to load.
SOURCE: eConsultancy
The Purpose of Your Website Should Be Obvious
And Mobile-Enabled

15% of traffic to fundraising & donations pages is from mobile devices

Source: socialbrite.org
If you want something, ask for it.

Agree or disagree?
Today’s Donor

The proper response to "Good Morning" is ...... "Prove It"
Prove it.

- Emotional pull
- Factual support
Retain it

ACQUISITION
Replenish lost donors

REACTIVATION
Reinstate lapsed and skipped donors

RENEWAL
Upgrade giving and improve retention rates

Source: JFNA
Alignment of the Team

Financial and Organizational Sustainability Cycle
Alignment of the team

Mission goals, expectations

Board

Staff

Clients
Reality for Executive Directors/CEO’s?

Team Alignment

92% CEOs say their teams agree with and can clearly communicate their strategy

2% leadership teams can list the same strategic priorities
Can each board member recite your mission statement?

4:10 board members state they do not understand their roles and responsibilities.
Organizational Alignment
Risk assessment

Small group exercise
# Assessing Alignment

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**Alignment Risk Guide**

5 or less; lower risk, 6-7 moderate risk; 8 or more; high risk
What does it look like?

• Roles and expectations are clear
  • What does the Board do?

• Decision-making process is clear

• Decisive action is taken when challenges arise

• Accountability for achieving strategic priorities is distributed
  • Tasks, timelines are clear and reviewed on an ongoing basis
Importance of alignment

Mission impact, value creation, long term sustainability
Business Model

Financial and Organizational Sustainability Cycle
Clarity on the business model = More secure funding

% Earned Income

% Grants

% Individual Giving

Options:
- Loss
- + Breakeven
+ Surplus
Financial capacity

Financial and Organizational Sustainability Cycle
Financial capacity

- Full costs
- Sufficient overhead
- Reserves
Trend data (Illinois, 2014)

- 83% of nonprofits are projecting an increase in program/service demand
- 52% state they will not be able to meet the demand
- In the next 12 months....
  - 56% will add/expand new programs/services
  - 15% will eliminate programs/services
  - 55% will increase the number of clients/audiences served
  - 2% will decrease the number of clients/audiences served

In 2014, service/program demand will...
Number of respondents: 265
Only the respondents matching all these criteria:
State: IL

- significantly increase: 32%
- slightly increase: 51%
- stay the same: 15%
- slightly decrease: 1%
- significantly decrease: <1%

Will be able to meet 2014 demand?
Number of respondents: 265
Only the respondents matching all these criteria:
State: IL

- Yes: 48%
- No: 52%
Services and Programs: Actions Taken and Planned

Number of respondents: 266
Only the respondents matching all these criteria:
State: IL

- Add or expand programs/services: 51% Taken last 12 months, 56% Planned next 12 months
- Reduce or eliminate programs/services: 15% Taken last 12 months, 14% Planned next 12 months
- Expand geographies served: 20% Taken last 12 months, 28% Planned next 12 months
- Reduce or significantly restructure geographies served: 2% Taken last 12 months, 3% Planned next 12 months
- Increase the number of people served / audience served: 42% Taken last 12 months, 55% Planned next 12 months
- Decrease the number of people served / audience served: 4% Taken last 12 months, 2% Planned next 12 months
- Increase amount of service per client or programs per visitor/audience member: 12% Taken last 12 months, 17% Planned next 12 months
- Decrease amount of service per client or programs per visitor/audience member: 1% Taken last 12 months, 3% Planned next 12 months
- Collaborate with another organization to improve/increase programs or services offered: 46% Taken last 12 months, 58% Planned next 12 months
- Use, purchase, or upgrade software specifically to capture data on program impact: 21% Taken last 12 months, 34% Planned next 12 months
- Upgrade hardware/software to improve service or program delivery: 28% Taken last 12 months, 40% Planned next 12 months
- N/A: <1% Taken last 12 months, <1% Planned next 12 months
Talent Management,
Strategic Human Resources Management

New Ideas for the New Normal
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What is Talent Management? Why should I care?

41% of nonprofits in IL will be hiring new staff this year

What is Talent Management? Why should I care?

53% of nonprofits will be investing in professional development for staff.

Human Capital: Actions Taken and Planned

Number of respondents: 266
Only the respondents matching all these criteria:
State: IL

- **Taken last 12 months**
  - Hire staff for new positions: 52%
  - Reduce staff: 12%
  - Make replacement hires: 47%
  - Freeze all replacement hires: 7%
  - Retain all existing personnel: 34%
  - Give raises: 40%
  - Freeze or reduce salaries: 11%
  - Improve or increase staff benefits: 12%
  - Reduce staff benefits: 6%
  - Rely more on volunteers: 30%
  - Reduce staff hours (short weeks, furloughs, etc.): 5%
  - Engage more closely with board via more frequent reports/meetings: 36%
  - Leadership succession planning: 36%
  - Invest money/time in coaching or training for executive leadership: 30%
  - Invest money/time in professional development for staff: 53%
  - Attend conference or otherwise network to build relationships: 54%

- **Planned next 12 months**
  - N/A: 1%
What is Talent Management?
Why should I care?

Talent drives organizational effectiveness
What is Talent Management?
Why should I care?

Strategic vs. Administrative
The Strategic Imperative

Move Beyond Human Resources Management to Strategic Human Resources Management, Talent Management
Strategic human resources management, Talent management = Organizational effectiveness
| Use the mission and values of the organization to attract employees | Encourage and allow flexibility in work schedule and working arrangements | Have internal communication practices that consistently reach all employees with valuable information |
| Use recruitment practices that might include recruiting college graduates and targeting experienced individuals | Engage in practices to retain employees such as providing competitive wages and bonuses | Provide professional development opportunities for employees |
| Specifically target high quality employees for leadership development | Evaluate employees through multiple performance assessment strategies such as supervisor assessment, peer evaluations, and customer feedback | Link indicators of effective employee performance to organizational objectives |
| Provide opportunities for systematic employee feedback through surveys, exit interviews, etc. | Conduct planning related to workforce needs | Practice workforce diversity initiatives |

Source: Guo et al., 2014
Interesting findings....

• Younger, not older organizations are more likely to implement strategic human resources practices.

• Organization’s without dedicated HR managers are more likely to implement strategic human resources practices.

• Organizations using independent contractors are associated more closely with adopting strategic human resources practices.

Source: Guo et al., 2014
The Individual

• Strategic talent management is centered on the development of individuals that contribute to an organization’s effectiveness

• The systematic utilization of human resource management (HRM) activities to attract, identify, develop, and retain individuals who are considered to be ‘talented’

• Identify key positions that specifically and uniquely contribute to organizational effectiveness
  • Create a pipeline of “high-potential and high-performing incumbents” for these key positions and
  • Build a “differentiated human resources architecture” to recruit and retain individuals for these key positions.
Retaining high quality staff

Hiring Great Employees

• Mid-level nonprofit professionals tend to stay within the sector, moving from organization to organization.

• 48% of mid-level positions are filled by individuals coming from other nonprofits.

Greatest Retention Challenges

• Inability to pay competitively (32%)

• Inability to promote/ advance top performing staff (19%)

• Excessive workloads (16%)

People may be moving for reasons other than salary.

45% of nonprofit professionals report leaving their organizations to work for other nonprofits.

Positions reported hardest to retain in 2013 are also anticipated to see the most growth in 2014

• 1. Direct service positions
• 2. Program/support staff
• 3. Fundraising/development

Strategies: Managing and Retaining Talent

Learning opportunities

Keep the Learning Going

Source: Center for Creative Leadership
Have you heard of the 70/20/10 rule?

- Research shows that senior executives distribute their sources of career-long learning as
  - 70 percent on-the-job challenges,
  - 20 percent other people and
  - 10 percent formal coursework.

Experiences that include all three categories can boost learning transfer and accelerate development.

Source: Center for Creative Leadership
As a manager of others or a talent leader, how can you make learning accessible, applicable and ongoing?

10 Ways to Keep the Learning Going

(Handout)

Source: Center for Creative Leadership
1. **Focus.** Reflection, meetings with bosses or formal leadership development programs can generate a long list of things to learn or improve. But overload isn't helpful. To make learning stick, simplify. Choose one area to work on, say the authors of *Change Now!* Focus on a change that is energizing and creates positive outcomes. And be sure your goal is not so easy that you don't feel challenged and not so difficult that you can't make the change. Talent leaders, too, can support this strategy by offering training and tools in single areas, such as influence, conflict management or giving feedback.

2. **Choose the Pace.** Digital learning products — videos, online courses, MOOCs, apps, audios, e-books — let the learner control the pace. Besides the obvious benefit of allowing each person to set his or her schedule, choosing the pace prevents boredom and helps personalize learning.

3. **Get Social.** Look to other people to provide healthy competition, encouragement and a nudge (or kick) when you get stuck or veer off track. Social media and social learning (think, Twitter, games and simulations, online communities) can be motivating. Accountability groups — peers from a transformative program experience, a group of friends, a few coworkers — keep the learning going through discussion and support.

Source: Center for Creative Learning *Leading Effectively* e-Newsletter - September 2014 Issue
You

Your Role in Navigating the New Normal
Typical resources for the Executive Director

- Nonprofit Economic Vitality Center
- “Fundraising in Tough Times"
- "Past Economic Downturns and the Outlook for Foundation Giving"
- "How Charities Cope With a Troubled Economy"
- "It May Be Hard Times: How to Navigate a Financial Downturn"
- "Local Nonprofits Offer Insight on the Unfolding Financial Crisis"
- "Opportunities in Lean Times"
- "Tips for NGOs Threatened by the Financial Crisis"
- "When Times Are Tough, Get Creative and Strategic"
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PAID VACATION DAYS AROUND THE WORLD

MINIMUM PAID VACATION DAYS FOR EMPLOYEES WITH 10 YEARS OF SERVICE

SOURCE: MERCER'S 2011 WORLDWIDE BENEFIT AND EMPLOYMENT GUIDELINES
Stress Busters: Tips for Dealing with the Stress of Leadership

• **No 1: Recognize the signals of stress.** Learn to pay attention to your body's response to stress. What triggers a feeling of stress and what are your physiological responses? Do you feel your heart rate going up? Do you get hot? Do you clench your jaw? The sooner you recognize that your body is going into stress, the sooner you can do something to manage it.

• **No. 2: Create a ritual.** Make sure you take stress breaks. Get up from your desk and walk around, or get outside for some fresh air. Do some deep breathing, shoulder shrugs, or just close your eyes for one minute. Taking a mental or physical break is an important strategy for dealing with day-to-day stress.

• **No 3: Get away.** Find effective ways to set boundaries between work and home life. Whether it's listening to music on the commute home, turning off the cell phone and email during personal or family time, or participating in a social activity or hobby, keep your commitment to having a life outside of work.

Source: Center for Creative Leadership: LEADING EFFECTIVELY PODCAST
Stress Busters: Tips for Dealing with the Stress of Leadership

• **No 4: Exercise regularly.** A regular exercise program is the best way to minimize the negative health outcomes associated with the demands of the job. Under stress we build up certain hormones; exercise dissipates some of them. Make a commitment to exercising at least 30 minutes twice a week. Also, incorporate healthy practices such as eating more fruits and vegetables while reducing added sugars, fat and sodium.

• **No 5: Develop a support system.** Try creating your personal Board of Directors: a support group that will help you cope with stress and leadership. Ask a diverse group, such as your peers, your boss, a family member and a trusted friend, to work with you to understand your goals for managing stress and to help you stay on track.

• **No 6: Relieve stress by re-grouping on the task.** When a task is stressful, look for ways to organize and streamline your work. Good strategies include defining roles and clarifying expectations, managing a project schedule and completing tasks ahead of deadline. Gaining focus may reduce stress before or during a task.

Source: Center for Creative Leadership: LEADING EFFECTIVELY PODCAST
Stress Busters: Tips for Dealing with the Stress of Leadership

• **No 7: Take time to recover.** Athletes have long understood that pushing oneself hard at 100 percent capacity, 100 percent of the time, results in little or no long-term gains in performance. Building in enough time to relax and recharge is critical for clear and creative thinking, strong relationships and good health. Make sure that throughout the day you are allowing yourself real and frequent breaks. And leave the job behind: time and energy spent off-the-job can enhance your productivity and your capacity to deal with work challenges.

• **No 8: Re-define balance.** Make clear choices that support your core values. Life balance is complex, not really something we can ever hope to accomplish. Demands and interests change over time, and what felt like balance at one point quickly becomes outdated. But if your life reflects who you are and what you value, you will feel more in balance - even when there isn't enough time.

Paying attention to your body and taking care of yourself will help you deal with the stresses of leadership.

Source: Center for Creative Leadership: LEADING EFFECTIVELY PODCAST
The Resilient Organization

This is the bottom line.
My organization is resilient

• Bounce back from adversity
• Thrive on challenge
• Explore and reach their own full potential
• Have a positive impact on others

Simply put, resilience enables people to bounce back stronger after tough times, and live better in good times.

- Rockefeller Foundation
My role as the resilient leader

• Catalyst to increase group cohesion
• Catalyst for dedication to the “mission”

• 4 key attributes
  • Optimism
  • Decisiveness
  • Integrity
  • Open communication

Adapted from The Resilience Institute International Limited
The good news

Resilient Organization (INSERT NAME!)
  - Calm
  - Energized
  - Focused
  - Purposeful
  - Engaged

Org Culture
  - Connected
  - Invested
  - Encouraged

Resilient Leaders, People (INSERT NAMES!)

Stakeholders
  - Attracted
  - Retained
  - Motivated

Health
Happiness
Productivity

Adapted from The Resilience Institute International Limited
References

• 2014 State of the Nonprofit Sector Survey, Nonprofit Finance Fund

• Center for Creative Leadership: Leading Effectively Podcast


• National Center for Nonprofit Enterprise

• The Foundation Center and the
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