

Becoming a Resilient Nonprofit

A round up of sector resources and critical thinking on key strategies to ensure sustainability for your nonprofit in times of uncertainty



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INTRODUCTION

It is not an exaggeration to say that the way your organization adapts to challenges (e.g. COVID_19 pandemic) determines both your current and long-term organizational health and success. Strong nonprofit leaders build strategies for sustainability. They focus on resilience, ensuring the organization can weather a storm while still being positioned for future growth.

In 2019, The Bridgespan Group published an update to their article “Eight Steps for Managing Through Tough Times.” They note: “If there is one thing nonprofits have in common, it’s that at some point they’re likely to face a version of tough times... So, what to do? Not surprisingly, there are no easy, or even particularly novel, answers to that question. But learning from what others have done before in the face of financial crises can be extremely useful.”

Here, we want to do just that: collect the wisdom of the nonprofit sector to provide a structure that leaders can follow as they develop their own “resilient nonprofit” strategies. Whether that’s getting advice from my colleague Michael Reardon on how to manage a virtual workforce,² leveraging a template for a business continuity and disaster recovery plan³ provided by Nonprofit New York or responding quickly with tips from BoardSource on your board’s role in a crisis⁴ the goal is to put tools and advice in your hands that you can act on.

As you look to the future, keep in mind one thing... In a time of uncertainty, the nonprofit sector is a source of strength and hope: feeding the hungry, sheltering the homeless and providing direct health services. That is something of which we must be proud. And, for our sector as well as those we serve, it is vital we band together to ensure continued success, regardless of the challenges that come our way.



About the Author

Linton is a 22-year veteran of the social good industry, having worked on digital, CRM, marketing and analytics technologies in the nonprofit, higher education, association & membership and healthcare markets. He is a former foundation director, grant writer, database administrator, business analyst and architect.

Linton Myers,
Blackbaud Strategic Solutions Developer



CHAPTER

01

What is a Resilient Nonprofit?

In times of change or crisis, resilient nonprofits weather the storm. As a leader for your organization, you are challenged with balancing the budget, keeping staff engaged and continuing to deliver your mission. And this comes at a time of uncertainty for you, your board, your staff, your donors and your beneficiaries.

A resilient nonprofit is one that plans for future change: both positive and negative. It is an organization that is prepared for uncertain economic conditions, understands how to optimize its people power (staff, board, supporters) and properly balances mission and beneficiaries against operational expenses.

As our community comes together to react, respond and evaluate next steps during our most current challenge (e.g. COVID-19 pandemic), how should nonprofits plan for today and the future? What should you be focused on as a nonprofit leader to guide your organization forward? And, how can you create a strategy to sustain your organization now and in the future during times of uncertainty?

In collaboration with industry experts and leading nonprofit organizations, we have identified the following four business areas that have a direct impact on your organization's sustainability:

- **People:** Connecting your organization's most valuable resources (human capital)
- **Revenue:** Securing sustainable amounts of revenue
- **Mission + Operations:** Balancing organizational expenses against mission delivery and outcomes
- **Empowering Technology + Data:** Adapting quickly to changing conditions leveraging technology and data

This white paper explores each of these strategic focus areas, providing insights and guidance from industry experts in nonprofit fundraising, communications, finance and technology.

A close-up photograph of a person's hands interacting with a laptop. The left hand is on the trackpad, and the right hand is holding a dark credit card. The background is softly blurred, showing a wooden desk and a white cup. The image has a teal-to-blue gradient overlay.

CHAPTER 02

People

Your organization's people – human capital – is your most precious resource. How you connect to people from your staff to supporters to beneficiaries to your board dramatically impacts your nonprofit's stability and sustainability.

In his recent white paper "The Root of Change", Michael Reardon noted the following: "As humans, we are hard-wired to avoid loss over seeking rewards. We will look to protect what we have before moving on to something new."⁵ Your people are affected by change just like you are. Your "resilient nonprofit" strategies must consider methods for understanding the needs for each of these constituencies and how to support them through these changing times.

Staff

Today, millions of staff members are learning how to adapt to new remote working conditions. The impact of economic and societal conditions like the COVID-19 pandemic are introducing challenges that few predicted. In parallel, the longer we live under the "new normal" of our current remote work environment, the more likely it is that some of the adopted strategies will stick... and even improve the way we work.

Questions to consider as you develop your strategy:

- » How do your staff members remain connected while working remotely?
- » Can your core business processes survive when your staff can no longer meet face-to-face?
- » What does your organization need to do to adapt to a remote style of business?
- » How might these adaptations change the way your nonprofit operates (temporarily and/or permanently)?

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How you empower your staff to remain confident and connected in a time of uncertainty is a major factor in maintaining productivity and decreasing attrition

” With COVID-19 continuing to impact people and countries around the world, organizations everywhere are moving to remote work. We're seeing the impacts of this changing work environment particularly with nonprofit[s]... who are on the frontlines providing critical support to their local communities.

It is critical for the lifeblood of nonprofits—employees and volunteers—to be connected seamlessly.

— Justin Spelhaug, Global HeadTech for Social Impact, Microsoft

<https://www.linkedin.com/pulse/supporting-nonprofits-igos-during-covid-19-justin-spelhaug/>

Supporters

It is easy for nonprofits to take supporters for granted. Many donors are reliable, contributing year over year to your cause. However, retention and awareness become critical factors in times of economic uncertainty. As you evaluate your fundraising and marketing strategies, make sure to answer the following questions:

- How are you communicating with your loyal donors?
- How are you keeping them aware of what your organization is doing to meet these new challenges?
- What needs to change in your messaging strategy to adjust to new market conditions?
- And, how do you continue fundraising respectfully?

Nonprofit PR, a blog managed by The Shoestring Agency, posted an article on how nonprofits should approach fundraising and donor communications during a time of uncertainty.⁶ **Key takeaways:**

- Plan for a “new normal” – evaluate and revise this year’s fundraising campaigns (e.g. move physical events to virtual)
- Continue fundraising efforts, but proceed with caution and tact
- Practice good stewardship, being accountable and transparent while delivering stories of impact

Beneficiaries and Volunteers

One of the biggest changes facing many nonprofits is the impact a crisis has on those who either benefit from your mission or support your mission in alternative ways (e.g. volunteering). Social distancing affects organizations who rely on field volunteers or face-to-face work with beneficiaries.

Questions to take into consideration:

- How does your organization adapt to remote support of these constituencies (e.g. beneficiaries and volunteers)?
- How are their lives (and their relationship with your organization) being impacted by societal or economic challenges?

If you are an organization with direct contact with your beneficiaries (e.g. food bank, homeless shelter, behavioral health institution), it is likely they are impacted at a greater rate than that of your supporters or staff. For organizations dependent upon a volunteer workforce, include volunteer engagement as a key part of your strategy. As Maryland Nonprofits noted in a recent article: “What activities or services would your organization curtail if volunteer attrition becomes an issue? For critical volunteers with specialized skills, certification, or training, what steps can you take to keep them



Continuing to talk about your mission is critical, but also be aware that there is a lot of background noise and a new lens through which your donors are now reading your messages. Don't be tone-deaf.

—Craig Depole, President Newport One

<https://www.nonprofitpro.com/article/fundraising-amidst-a-global-pandemic>

active? What legal issues may flow from a decision to keep volunteers engaged in your activities if they risk exposure? Do they need any additional or special equipment or supplies that you can order now?”⁷

Delivering your programs safely and effectively in times of uncertainty requires planning. What strategies is your organization putting in place to minimize disruption to mission delivery?

Board Members

Nonprofit boards are designed for one thing: to oversee an organization’s strategy and partner with its executives on making key decisions. In times of uncertainty, it’s more important than ever that board members understand this role and assist with identifying answers to your organization’s biggest areas of risk.

As an example, the below questions are taken from a recent article by BoardSource focused on the role nonprofit board members play in addressing the COVID-19 pandemic:

- What aspects of this situation could affect our organization?
- What are the organization’s greatest vulnerabilities?
- What questions from the press would we least like to face?
- How can we prevent worse-case scenarios from occurring?⁸

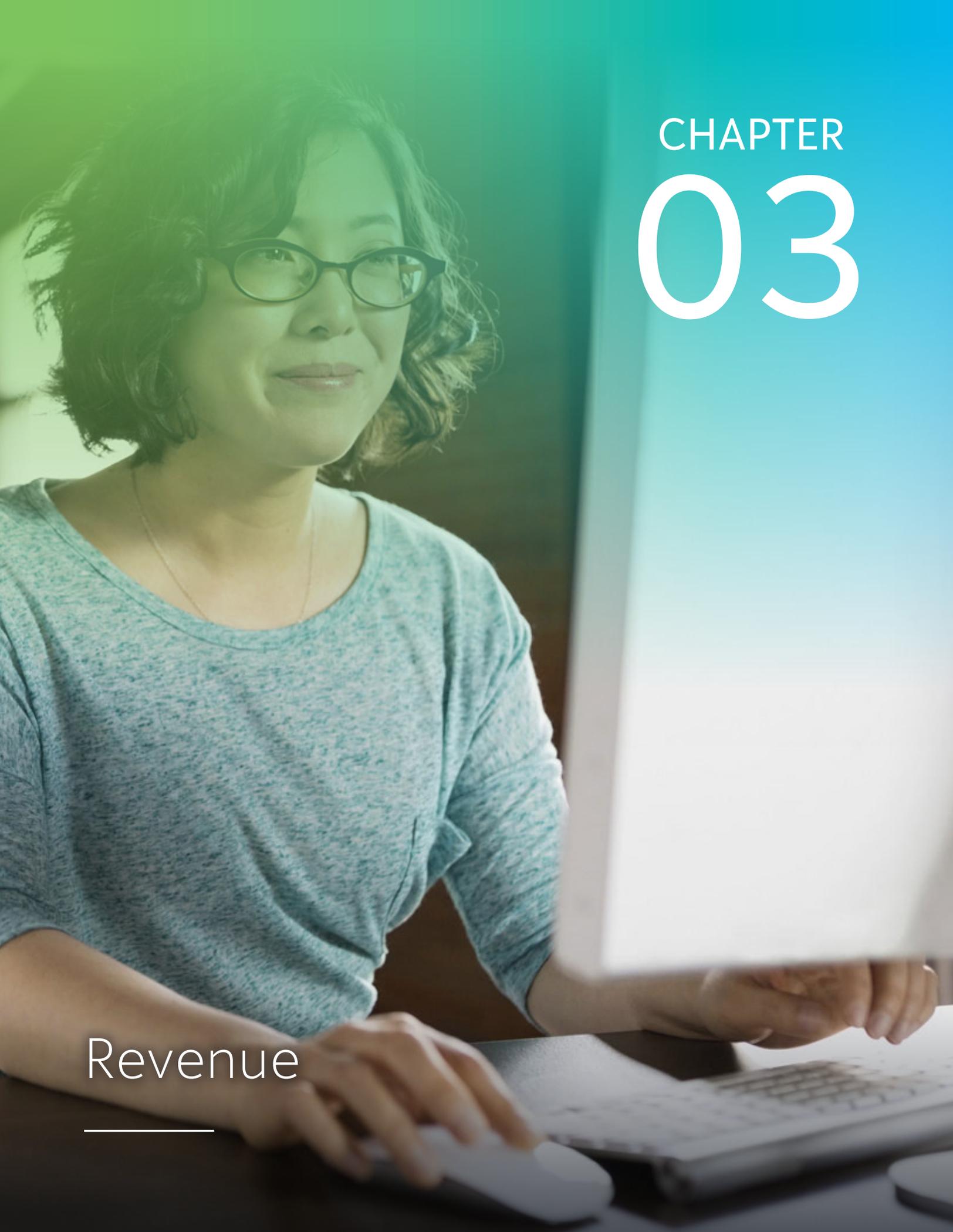
As you examine your own board and its members, how are they engaging with your nonprofit on crisis and scenario planning? Are you receiving the support you need from this key group? And, if not, how can that need be addressed?



As the world responds to the threats of COVID-19, many nonprofits and their boards are wrestling with difficult questions and decisions. In these uncertain times, as the situation rapidly changes, the board needs to provide steady and adaptive leadership in partnership with and in support of the CEO.

— Joy Folkedal, Senior Manager of Governance and Education, BoardSource

<https://blog.boardsource.org/blog/what-nonprofit-board-members-should-be-doing-right-now-to-address-the-covid-19-situation>

A woman with short, dark, curly hair and glasses is sitting at a desk, working on a laptop. She is wearing a light blue, long-sleeved, textured sweater. The background is a bright, out-of-focus light source, possibly a window. The image has a green and blue gradient overlay. The text 'CHAPTER 03' is in the top right, and 'Revenue' is in the bottom left.

CHAPTER
03

Revenue



Few nonprofit organizations have an extensive funding reserve to draw from in times of need. The Nonprofit Finance Fund's annual sector-wide survey found that half of all nonprofits do not have at least three months of cash on hand.⁹ In times of uncertainty, diverse and predictable revenue streams are an organization's path to success. But, before you can plan for the future, you must understand your current revenue position.

Current State Analysis

Understanding the state of your nonprofit's revenue requires joining data from the Finance, Fundraising and Program teams throughout your organization. Determine which revenue streams and revenue-generating programs must be viable, including best- and worst-case scenarios. The goal is to understand potential income opportunities measured against outgoing expenses, the net of which is your organization's anticipated cash flow position.

If your organization is looking for tools to use in monitoring and predicting cash flow projections, The Nonprofit Finance Fund provides a complimentary cash flow templates on its COVID-19 resources and planning page.¹⁰

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As organizations struggle to maintain operations, payrolls or both while revenue is decreasing, there are steps they can take to increase the likelihood of success: understand your cash position, assess damage to revenue streams and look at the dual bottom line.

— Steve Zimmerman, Founder Spectrum Nonprofit Services

<https://spectrumnonprofit.com/from-sustainability-to-survivability-how-nonprofits-can-manage-uncertainty-amid-crisis/>



Diversification

Organizations that depend on a single primary source of income (e.g. fees, grants, major gifts, events) are at high risk of revenue loss during times of economic insecurity. Short-term and long-term revenue health should be balanced by expanding the number of potential revenue streams and incorporating “quick response” campaigns that deliver rapid returns.

As an example, an organization focused primarily on event revenue may find itself needing to expand to new channels such as direct marketing and major giving. That same organization may also need to look at digitizing/virtualizing its event experience to preserve that revenue stream as well as obtain an influx of near-term revenue through Peer-to-Peer event strategies.

Sandy Rees, founder of Get Fully Funded, offers advice on revenue diversification in a recent article: “So, what does it look like to have diversified revenue for your nonprofit? It looks like a good mix of events, grants, appeals, online giving, monthly giving, and so forth. But even with all that, no one grant, event, or donor should make up more than 25% or so of your total income.”¹¹

As your organization plans for revenue sustainability, examine your revenue streams as a portfolio and ensure that your strategy allows for flexibility and predictability in times of uncertainty.

” More (and ideally unrelated) revenue streams give us the flexibility to weather shifts of all kinds. If you get all your money from government contracts and that contract is terminated, you may be sunk. If you get half your money from government contracts and half from private grants, loss of the contracts is serious but not necessarily fatal. Revenue diversification can give you options when the ground shifts beneath you.

— ChiaKo Hung and Mark A. Hager Nonprofit Quarterly Article

<https://nonprofitquarterly.org/is-diversification-of-revenue-good-for-nonprofit-financial-health/>

Predictability

Nonprofit income is often episodic with large sums appearing at key dates (e.g. date of grant payment, end of year giving). However, times of crisis don't care whether an organization's cashflow is prepared for them.

In 2018, CreativeScience posted an article recognizing that “people's comfort with subscription models for diverse services and products presents a huge opportunity for creative companies or nonprofits looking to innovate.”¹² Incorporating predictable revenue streams like recurring giving into your organization's portfolio allows for more confidence in your monthly and quarterly income.

Christopher Purdy, President and CEO of DKT International, makes the case in a 2019 Philanthropy Journal article that predictability is more than just the certainty of the revenue itself. He notes: “it is important to 1) ensure your organization and donors are well aligned on mission and 2) diversify your donor base. Diversification flattens out the highs and allows for greater revenue predictability. Finances can be more stable and predictable when you have confidence that your donors won't try to send you off in another direction.” He further offers advice on monetizing your organization's current assets, saying “While not every nonprofit has the ability to generate its own income by monetizing its services, many do, even if they don't realize it. Creatively looking for ways to monetize can reveal promising ideas for creating a profit center within your enterprise.”¹³

Increasing your nonprofit's focus on predictable channels and giving methods helps your organization prepare for sustainability. Further, by exploring new, self-reliant revenue channels (e.g. monetizing services or intellectual property), your organization may be able to create a new revenue stream you have full control of.

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For organizations with a strong monthly giving program (or really any monthly giving program at all) – this revenue line-item can help sustain your program through times of great challenge.

— Candice Briddell, Managing Partner MINDset direct

<https://mindsetdirect.com/getting-prepared-and-managing-through-covid-19/>



CHAPTER
04

Mission + Operations

Optimizing organizational expenses is a vital step toward ensuring your organization's continued success during a crisis. However, this cannot come at the complete cost of fulfilling your organization's mission. Balancing those needs is an important part of your "resilient nonprofit" strategy. As noted in the earlier mentioned article from Spectrum Nonprofit Services: "When cash gets tight the financial bottom line becomes readily apparent. But in stressful times, it is important to consider both bottom lines: impact and financial."¹⁴ At times of uncertainty, how do you balance expense against organizational impact?

Expense management

Nonprofit budgets have two levers of control: income and expenses. During economic uncertainty, organizations must focus on managing internal expenses and minimizing unpredictable external/vendor costs. This requires the ability to:

- Monitor current and planned expenses (e.g. financial controls)
- Adapt budgets to changing conditions (e.g. evaluate impact of proposed budget changes)
- Evaluate all external/vendor contracts

As you establish your "resilient nonprofit" strategies, make sure your organization has what it needs to support evolving expense and budget needs. Consider whether your organization can quickly and easily track all organizational expenses. Can you evaluate the impact of multiple budget projections, understanding core and optional expenses? Along with the cash flow templates mentioned earlier, the Nonprofit Finance Fund also offers complimentary scenario planning tools on its COVID-19 resources and planning page to help organizations evaluate changing budget conditions.¹⁵

Internal expenses such as staff, real estate and utilities are often easy for nonprofit organizations to understand and account for. However, external costs for third-party consulting, technology and marketing expenses may be harder to forecast. Consider moving to agreements that support subscription-based costs (e.g. recurring low monthly payment rather than high one-time payment) to allow for predictable expense planning.

Sustainable mission delivery

For many nonprofits, mission delivery cannot stop during challenging times. In fact, the need for service may grow exponentially. Is your organization's program or service delivery prepared for changing social or economic conditions?

Mission delivery models vary greatly across our sector. From direct service to beneficiaries, to grant making to a focus on public policy, the diverse ways in which organizations fulfill their mission makes it impossible to create universal recommendations on sustainable mission delivery. With that said, what is your organization's path forward?

As you plan for business continuity, imagine how your program needs change based on the conditions of a crisis. If your organization's staff must transition to a remote workplace, how can you coordinate program delivery? If your services must expand exponentially (with little to no increase in staff), does your current technology support the need to scale? A shift in staffing and technology is likely needed to preserve your organization's mission focus.

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Nonprofits on the front lines have been forced to be nimble. Meals on Wheels People in Portland, Ore., closed its 22 neighborhood dining locations on March 13 and switched to a no-touch delivery system for its 15,000 clients.

— New York Times: A New Mission for Nonprofits During the Outbreak

<https://www.nytimes.com/2020/03/27/business/nonprofits-survival-coronavirus.html>

A photograph of two men in a conference or trade show setting. The man on the left is bald with a beard and glasses, wearing a dark blue polo shirt and an orange lanyard. He is looking down at a smartphone. The man on the right is wearing a blue hoodie over a red and black plaid shirt, with a purple lanyard. He is also looking down at a smartphone. In the background, other people are blurred. The image has a green and blue color overlay.

CHAPTER
05

Empowering Technology
+ Data

Technology is not the mission of nonprofit organizations. However, it is a required component of it. At the simplest level, technology allows your organization to reduce manual processes and automate workflows, making your staff and mission more efficient. Whether it's the collaboration solutions necessary for a remote workforce, CRM and marketing systems required for fundraising, or the program and finance systems needed for mission and operations, technology is key to your organization's success.

However, technology should also be considered a support mechanism rather than a driver of your "resilient nonprofit" strategies. Amy Sample Ward, CEO of NTEN, recently wrote: "I'm here today to remind you that technology is not going to save us. That may surprise you coming from the people who organize the biggest nonprofit technology conference around. But technology has never been the center of our work. The truth is, technology isn't going to save our organizations, our budgets, our events, our programs, or our communities. My primary rule of change management and technology planning is this: technology is never first. Technology is last."⁶

With that said, our sector cannot survive without technology. It may not save us. Yet, it empowers us. It allows us to make changes, to grow, and adapt when challenges arise. Because of this, technology must be part of your planning process for sustainability in times of uncertainty. What are key areas to focus on within for your "resilient nonprofit" strategies?

Sustainable Technology (Reliability + Adaptability)

A single point of failure, whether that's staff or technology, can halt the progress of an entire organization. In times of uncertainty, how is your organization equipped to minimize the risk of system downtime or staff loss? Organizations reliant on "on premise" solutions accessible only from within a single location (e.g. office building) may find themselves unable to function in a distributed, remote working environment. Moving key systems to cloud-based technologies allows access by any staff regardless of working location. Key technology vendors must also be evaluated for sustainability. In times of crisis, failure by a technology vendor (e.g. Peer-to-Peer, fundraising, marketing, CRM, finance, mission delivery, infrastructure, productivity) can heavily impact your organization's ability to succeed.

While avoidance of service interruption is of most importance for mission critical technologies, it's also vital to work with systems and vendors that can adapt based on your needs. As an example, during the COVID-19 pandemic, Microsoft (working with its partners such as Blackbaud) worked to provide nonprofit organizations the ability to create crisis response chat bots and mobile applications

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Digital innovation in nonprofit organizations is key to achieving [sustained success]... Technology can help your business cut costs by streamlining processes, improving communication, protecting customer data, and much more.

— Worksighted

<https://www.worksighted.com/non-profit/digital-innovation-nonprofit-organizations/>

designed to support volunteer and staff responses in the field. These capabilities were delivered free of charge, allowing organizations the ability to adapt on demand to changing conditions.

Foundational Data + Artificial Intelligence

Data is the foundation of all nonprofits. It tells you who your best supporters are, how effectively you're impacting your mission and what financial resources you have available. Yet, it's also one of the first areas in which organizations stop investing during times of uncertainty. Data quality and hygiene processes (e.g. address updates, duplicate management) as well as common data append solutions (e.g. wealth, interest, contact data) ensure that your organization's data is ready for your changing communication and fundraising strategies. As you prepare your organization for sustainability, take stock of your data assets. Are you set up for success during and after a time of crisis? Can you target the correct donors, make the correct asks and prove to your institutional funders that your impact is worth continued support? That is the value of foundational data.

Data-based decision-making is the obvious next step. Your background as a nonprofit leader helps you to understand where and when to invest your staff and resources. Yet, it's impossible for you and your staff to personally oversee all decisions. That's where artificial intelligence (e.g. digital decision-making) comes into play. Understanding the correct message to send to the right donor at the right time, knowing which of your supporters may be the best fit for a virtual event you are about to launch, and identifying which donors are most likely to give a major gift in your time of need are all examples of how artificial intelligence can drive meaningful decisions without increasing your organization's need for additional staff.

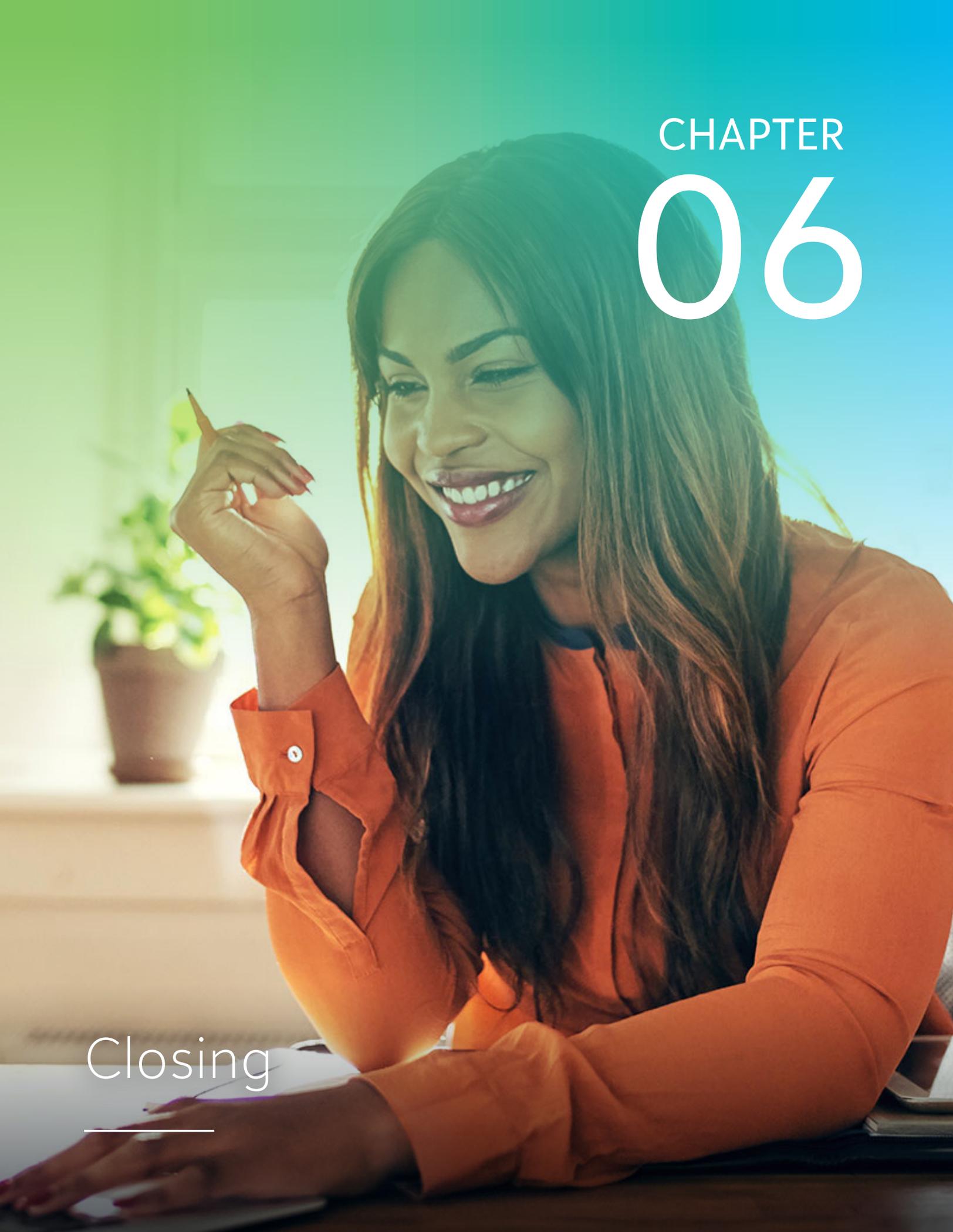
Combining accurate foundational data with the power of artificial intelligence provides your organization with the ability to make data-driven decisions in time of uncertainty.

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Social good organizations are constantly strapped for resources that allow them to meet their missions. Using data, analytics, and AI can allow nonprofits to extend their capacity and capabilities. AI won't take jobs in the nonprofit sector— it will make them more valuable.

— Steve MacLaughlin, Vice President
Blackbaud

<https://npengage.com/nonprofit-technology/artificial-intelligence-for-nonprofits/>



CHAPTER
06

Closing

Times of uncertainty affect us all, bringing added responsibility to you as a nonprofit leader. While we cannot predict the future, we must prepare for it. Yes, the nonprofit sector is a resilient one. In fact, there are many success stories of organizations adapting positively to change.¹⁷

However, becoming a “resilient nonprofit” requires focus and readiness. Finding sustainability means focusing on your organization’s readiness to support your:

- People
- Revenue
- Mission and Operations

It also includes a realization that the path forward includes a need for empowering technology and data: digital tools that enable rather than distract from your business. Imagine the ability to work remotely today without collaboration tools such as instant message capabilities, video conferencing or remote connectivity to key resources. Your mission would grind to a halt without the automation and digital tools that technology brings to the table. Nonprofit leaders that use technology strategically to support (rather than create) change have a distinctive advantage over those who either fear it or see it solely as a detrimental cost.

The goal of this eBook is to provide you with the examples and thinking that you need to identify next steps in your “resilient nonprofit” story. And, whatever stage you find yourself in (e.g. just beginning the planning process, in the middle of execution, retroactive analysis), please remember these two things:

- Nonprofit organizations have a vital role to play in our society. Your mission and services are essential to driving positive change. Be proud of that each and every day.
- As a nonprofit leader, your people look to you for strategies to ensure your organization’s resilience and sustainability in times of change. You don’t have to do it alone. Partners such as Blackbaud and those mentioned in this whitepaper are dedicated to your success.

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