

Nonprofit Megatrends



Is Your Organization Ready for the Seismic Shifts Ahead?



SocialImpactArchitects



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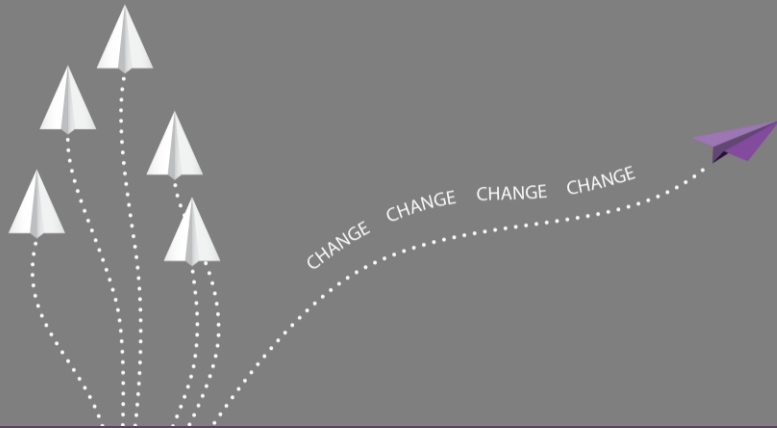
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We are called to be architects of the future, not its victims.
- R. Buckminster Fuller



How is society **changing**?



Shift Happens

My Generation's
First **Eye Phone**



Technology is Everywhere



4 Generations, 1 Workplace



Across Multiple Generations: Work Differs

	Mantra	Values	Style
Baby Boomers (1946-1964)	LIVE TO WORK: <i>Work hard because it defines you, and you can make a difference</i>	<ul style="list-style-type: none"> • Efficiency • Quality • Personal Fullfillment 	<ul style="list-style-type: none"> • Team Player • In-person communications • Title and money matters
Generation X (1965-1979)	WORK TO LIVE: <i>Work hard so then you can play hard</i>	<ul style="list-style-type: none"> • Automation • Direction • Self-reliance 	<ul style="list-style-type: none"> • Entrepreneur • Direct & immediate communications • Freedom matters
Millennials (1980-2001)	WORK TO FULLFILL: <i>Work hard at work that has meaning</i>	<ul style="list-style-type: none"> • Multi-tasking • Tenacity • Goal oriented 	<ul style="list-style-type: none"> • Collaborative • Email/ Instant communications • Meaning matters

Polarization Eroding Connection

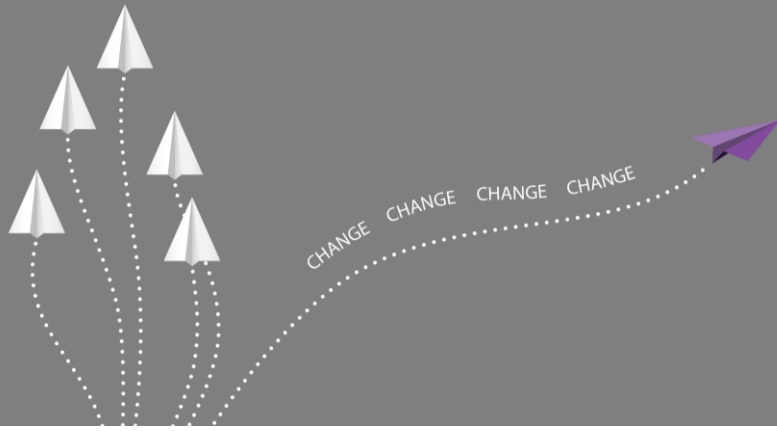


Shift Has Happened Before

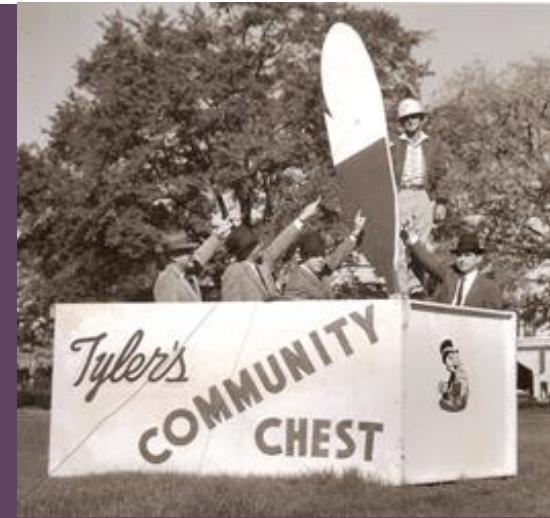


The Future is Here





How have **nonprofits and the social sector** changed & what can we do to be good stewards of the future?



A Perform Storm & A Polycrisis

High Growth Rate
of Nonprofits in
21st Century
Up 25%

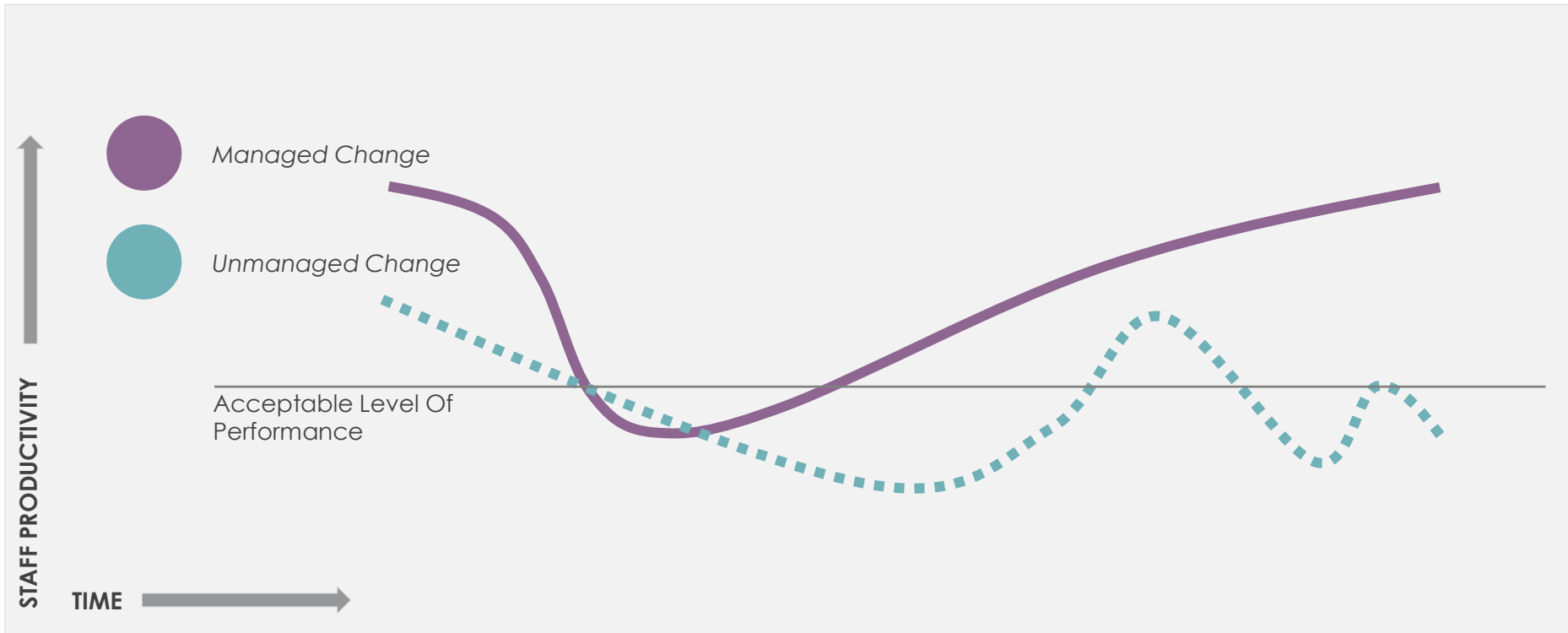


Twin Crises:
Pandemic &
Economic
Downturn



- Donations and giving were up during pandemic, but inflation flattened gains.
- Economic downturn has charities concerned.
 - During Great Recession, giving was down 9%.
- History shows that nonprofits tend to lag the economy by 1 year.

Does change management work?



01

Mindset Matters

“It is not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change.”

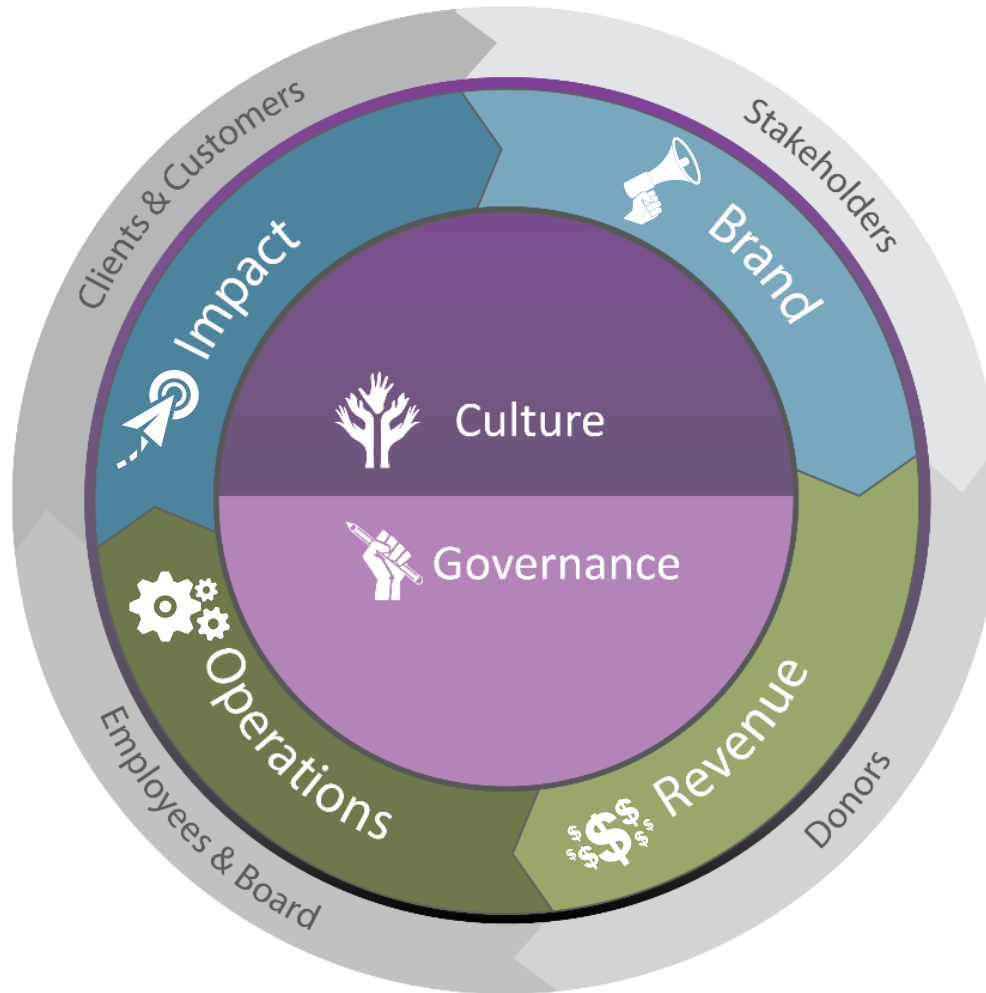
– Charles Darwin



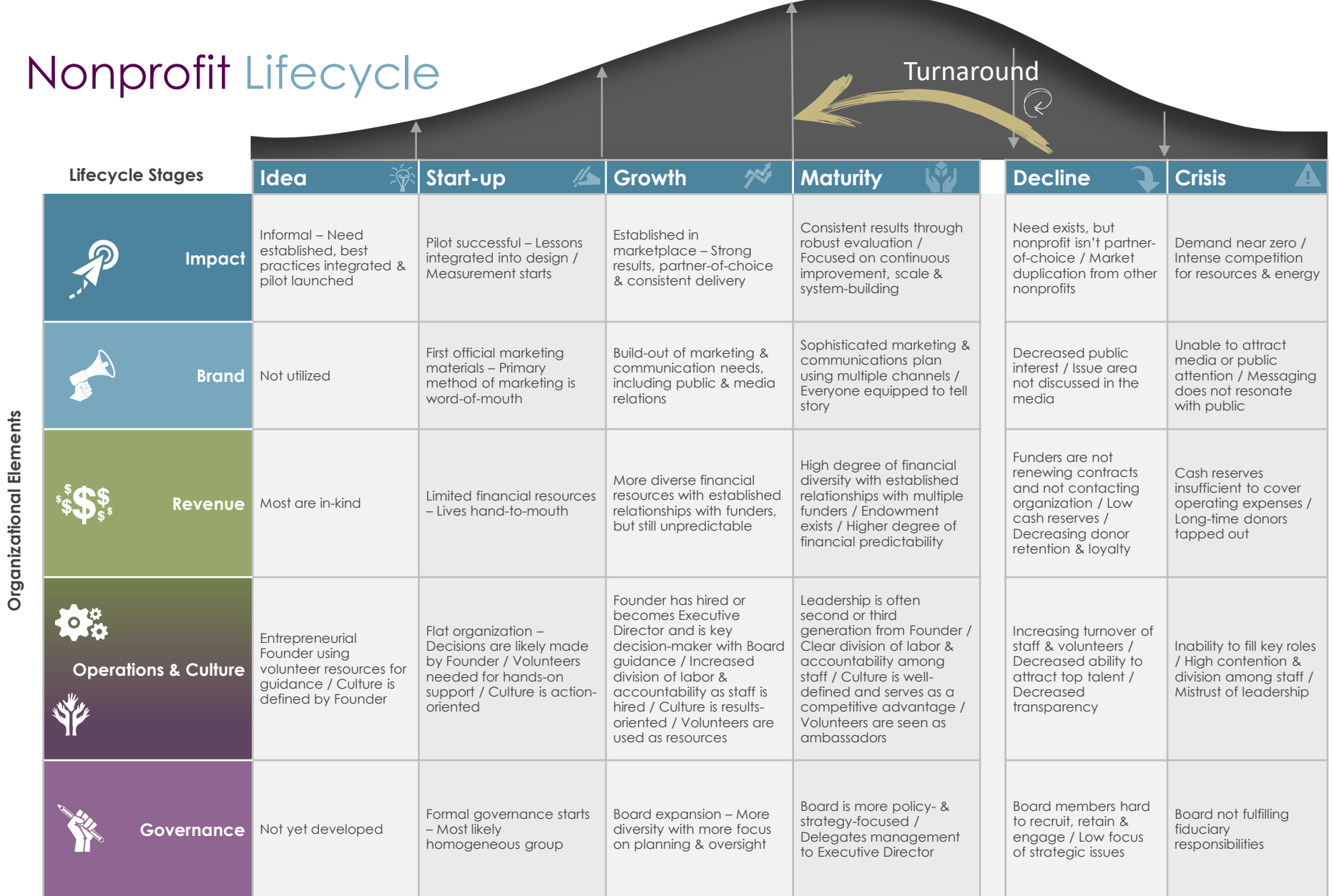
Deep Dive: <https://socialimpactarchitects.com/impact-mindset>

02

Flywheel Effect Is Key to Sustainability



Nonprofit Lifecycle



Deep Dive: <https://socialimpactarchitects.com/nonprofit-lifecycle>



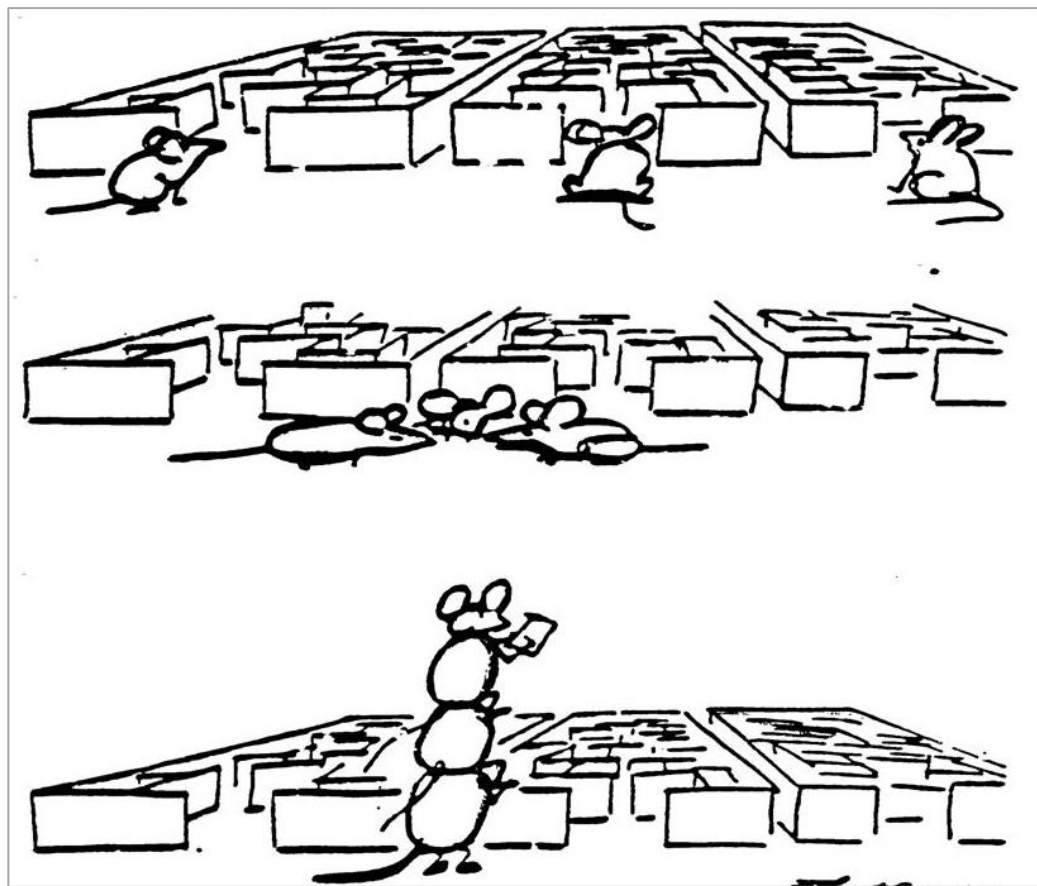
"In God we trust. All others bring data." – W. Edwards Deming

Upgrading to System Change

Individual Effort

Collaboration

System Change

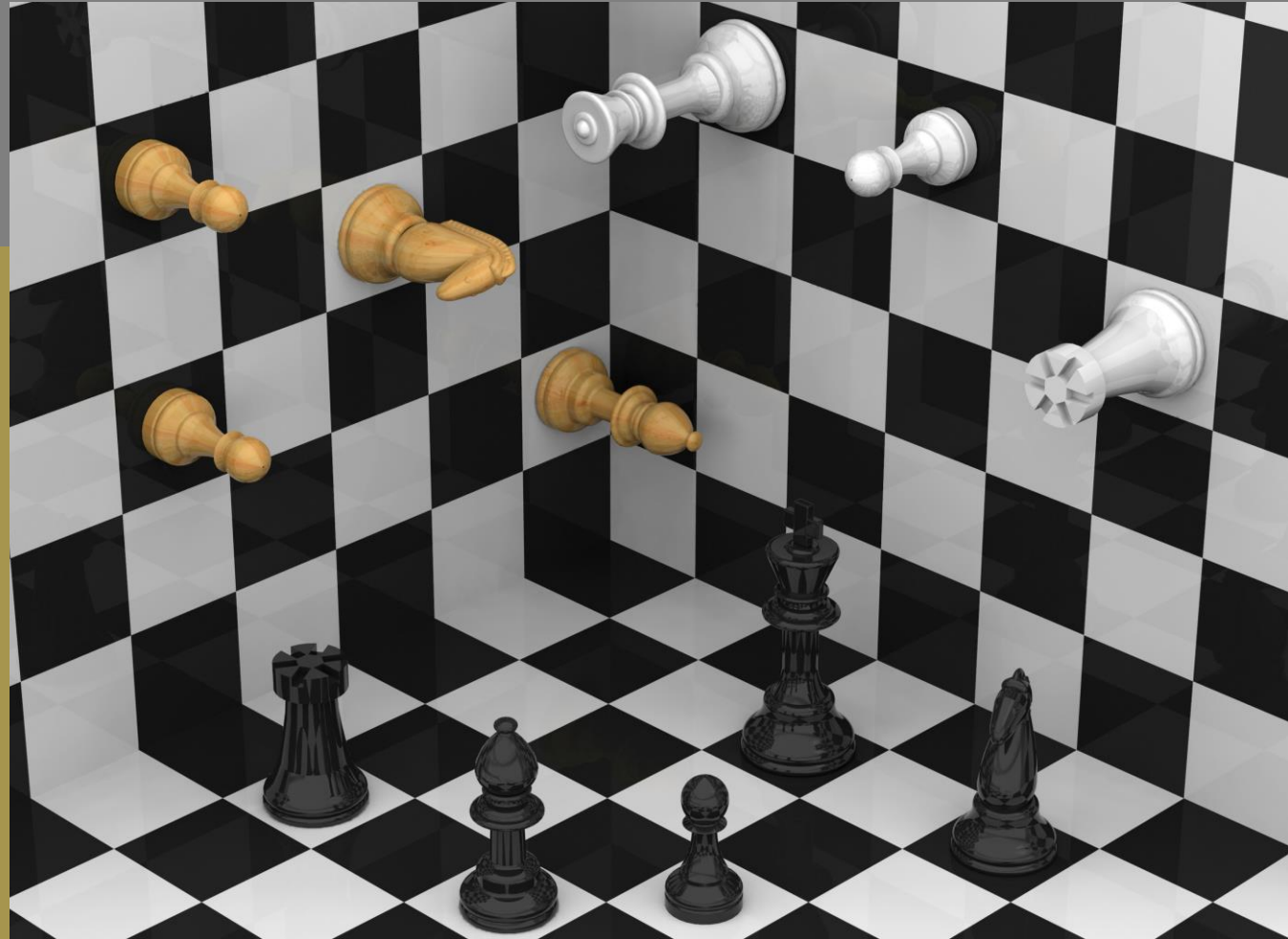


Deep Dive: <https://socialimpactarchitects.com/system-change>



New Game Board

Moving from
Checkers to
Chess

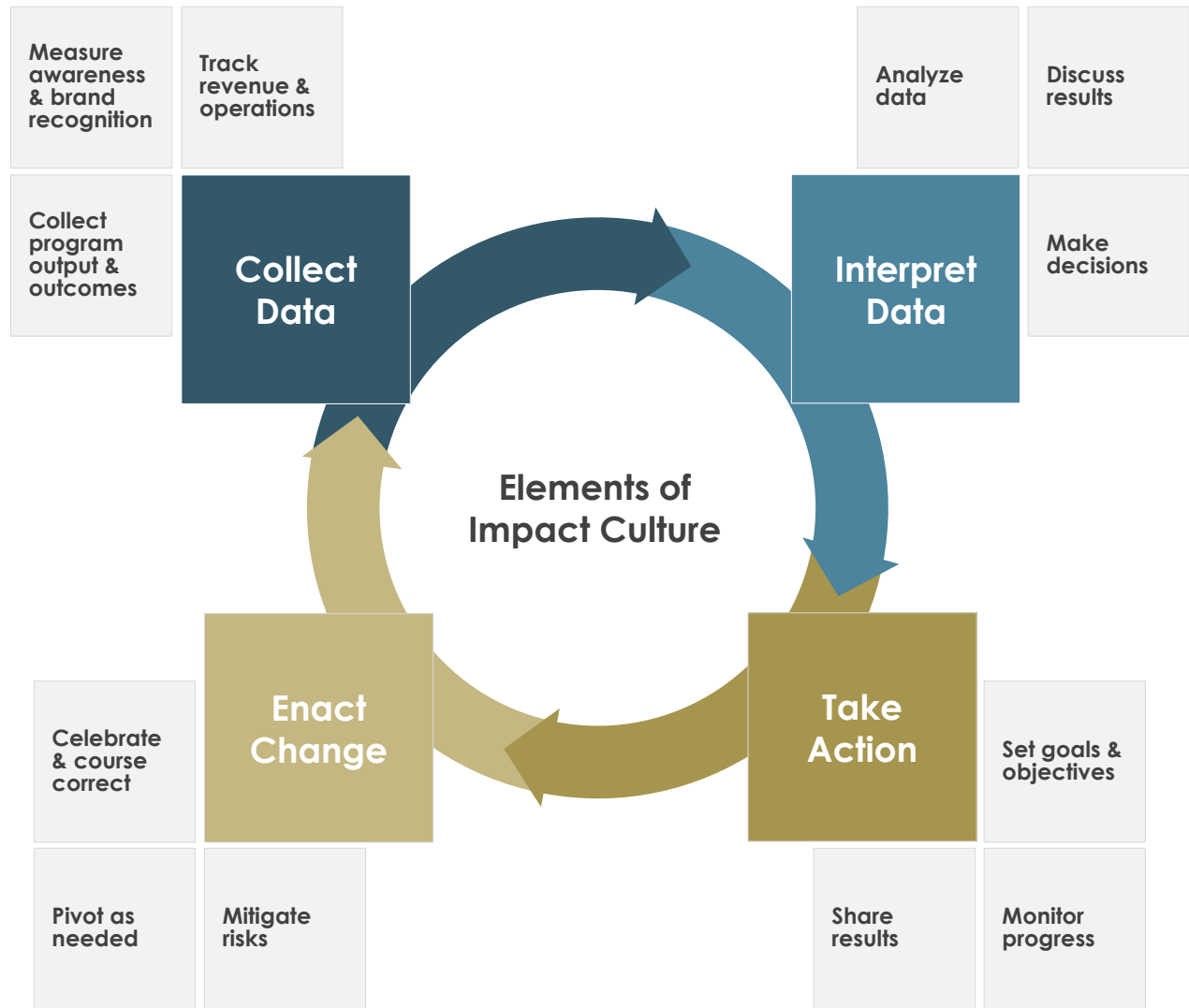




Impact is THE Bottom Line

Impact Culture

A social sector organization with an impact culture is energized by data, curious to learn, takes deliberate action and embraces change.





Tool # 1

Impact Culture: Organizational Checkup

**LEVEL
01**

Organization Understands and Appreciates Why Impact Is Important

**LEVEL
02**

Organization Proactively Designs & Measures Programs/Operations Using Best Practices

**LEVEL
03**

Organization Champions Impact Management to Grow & Improve

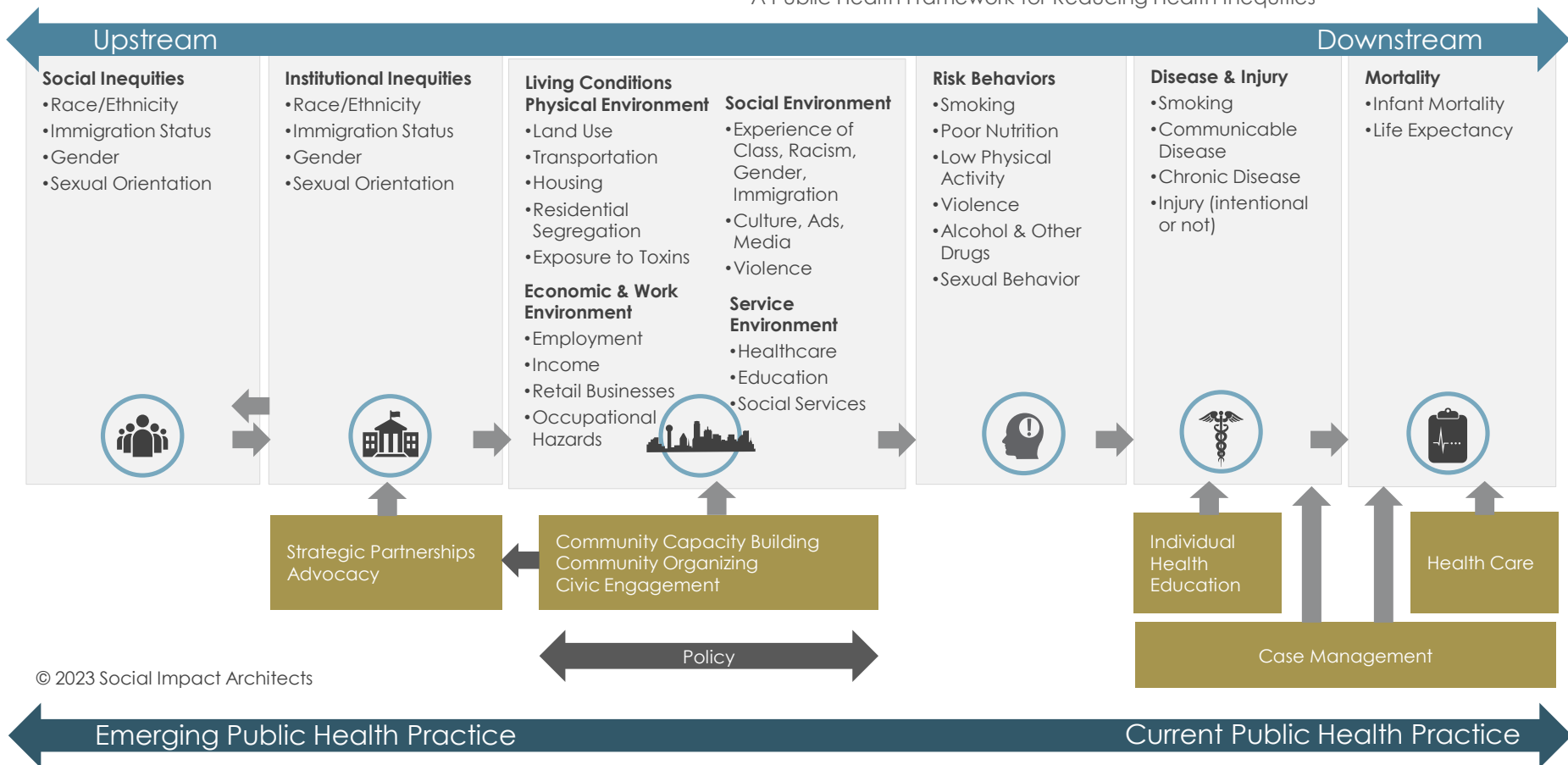
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Moving Upstream

Focused on Individuals as a Function of Systems

A Public Health Framework for Reducing Health Inequities



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Deep Dive: <https://socialimpactarchitects.com/nonprofit-trends-2021>



Leveling Up Your Efforts

- Evaluate your Impact Level on *Impact Culture Checkup*:
 - Celebrate success & supercharge in key areas
- Dust off your theory of change/logic models & leverage it for your “secret recipe” for impact
- Consider system change & upstream thinking as you evaluate your future work individually and collectively
- Shift from an Annual Report to an Impact Report



BRAND

"If you can't explain it simply, you don't understand it well enough." – Albert Einstein



BRAND

Battle of the Brands



BATTLE OF THE BRANDS



Your nonprofit's brand can be viewed in three parts:

1

What you control

- Vision
- Mission
- Core values
- Logo & tagline
- Imagery
- Language

2

What you study

- Stakeholder perceptions
- Competitive market
- Sector trends

3

What you influence

- Relationships
- Stakeholder experiences
- Brand story



HOLY TRINITY of Vision - Mission - Values



VISION

Describes the organization's desired future state of the world (without mentioning the organization itself)

The best vision statements are one-sentence statements that are aspirational, yet measurable, and answer "what does success look like?" *The best ones should evoke a feeling of hope.*

MISSION

Describes the organization's unique reason for existence and its priorities and methods for accomplishing the vision ("unique" meaning that it connects to your unique value proposition)

The best mission statements are easy to memorize, action-oriented and understandable. *The best ones should be a roadmap to your success.*

VALUES

Describes the organization's fundamental beliefs and guiding principles that drive its culture

The best core value statements are often power statements, so employees understand the organization's DNA. *The best ones should be easily put into action and build a unified team around a shared mental model.*

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Deep Dive: <https://socialimpactarchitects.com/nonprofit-vision-mission-values/>



Tool #2: Storytelling Matrix

You can't connect the dots looking forward; you can only connect them looking backwards.

- Steve Jobs



?	What can they do?
?	Why should they care? Why should they care <u>now</u> ?
?	What happens if nothing is done?
?	What is your organization's solution? How is your organization different?
?	Why does this problem exist? persist? What is the root cause?
?	What problem is your organization trying to solve?
?	Who are you talking to?

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Tool #2: Storytelling Matrix

VISION:

MISSION:

WHY?

WHAT?

UNIQUE?

TAGLINE:

HOW?

ELEVATOR SPEECH?

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Leveling Up Your Efforts

- Utilize marketing (not just communications) as a key lever
- Audit your website for mobile-first & search optimization
- Evaluate your vision & mission statements for effectiveness and ensure you have a cohesive story using Storytelling Matrix
- Integrate experience marketing into all key processes:
 - Elevator pitch training for all employees
 - Mission Moments at board meetings



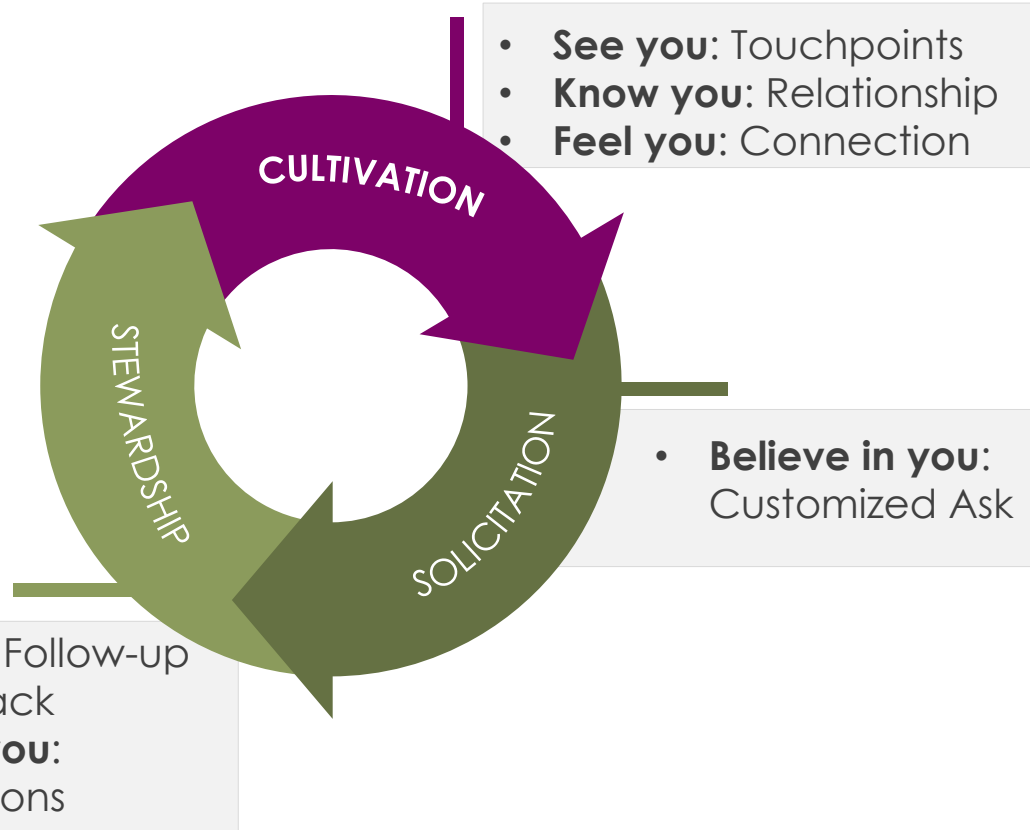
REVENUE

"The next time you're looking at a charity, don't ask about the rate of their overhead. Ask about the scale of their dreams." – Dan Pallotta

What Is

Relationship-Based Fundraising?

Fundraising Is a Team Sport.



Tool #3: Financial Sustainability Checkup



Deep Dive: <https://socialimpactarchitects.com/nonprofit-financial-checkup>



Leveling Up Your Efforts

- Evaluate your Level on Financial Sustainability Checkup:
 - Celebrate success & supercharge in key areas
- Engage all staff, board and volunteers in building a “culture of philanthropy” based on relationships and connection
- Implement monthly Giving Circle and planned giving strategy
- Practice hyper stewardship with all donors



OPERATIONS



"You do not rise to the level of your goals. You fall to the level of your systems."
– James Clear

Professional Shifts



1
What You Know



2
Who You Know



3
What You Accomplish



4
Who Knows You
& What You Influence

STAGE 1: Worker

- Knowledge Worker
- Entry-level Worker

STAGE 2: Expert

- Subject-matter Expert
- Functional Expert

STAGE 3: Manager

- Project Manager
- Coach / Mentor
- Team Leader

STAGE 4: Leader

- Executive Leader
- Influential Thought Leader
- Community Leader

“The greatest obstacle to success isn’t failure. It is success.” –Nassir Ghaemi

LEADERS

- Do the right thing
- Change as needed
- Long-term
- Ends
- Architects
- Inspiring & motivating

MANAGERS

- Do things right
- Keep things moving
- Short-term
- Means
- Builders
- Problem solving

Leaders

versus Managers





Tool #4: Operations Checkup

Aligned: Do you focus on and invest more in areas that drive the most impact?

Capable: Do you perform at high levels on the operational areas that are most critical to your strategy?

Decisive: Does your nonprofit make data-informed, timely decisions?

Responsive: Does your nonprofit listen and respond to changes in performance, strategy and client need?

Productive: Do you execute efficiency balancing cost, quality and speed?

Inspired: Are you able to attract high-performing talent and can they be successful within your organization?

Sustainable: Do you generate and sustain revenue to be effective in your efforts?



Leveling Up Your Efforts

- Evaluate your Operational System with Checkup:
 - Celebrate success & supercharge in key areas
- Consider technology assessment to become digital first
- Build a pipeline of equipped managers AND leaders for the sector
- Conduct succession planning at all levels
- Focus on accountability through dashboards and project management tools



CULTURE

"Culture eats strategy for breakfast." – Peter Drucker

THE ICEBERG EFFECT

THE WAY WE SAY WE WORK



THE WAY WE REALLY WORK

- From Latin word “cultura” meaning “to cultivate”
- “An energy force that becomes woven through the thinking, behavior and identity of those within the group.” – Debra Thorsen
- Vision & Mission & Values ≠ Culture

Leveling Up Your Efforts



- Boost performance through Core Values:
 - If you don't have them, get them.
 - If you do, are you living by them? Do a Staff 360.
- Conduct performance reviews regularly to support learning organization
- Focus on internal communications to ensure transparency
- Conduct regular employee pulse checks
- Become an expert on navigating conflict
- Prioritize mental health, including self-care, secondary trauma and burnout



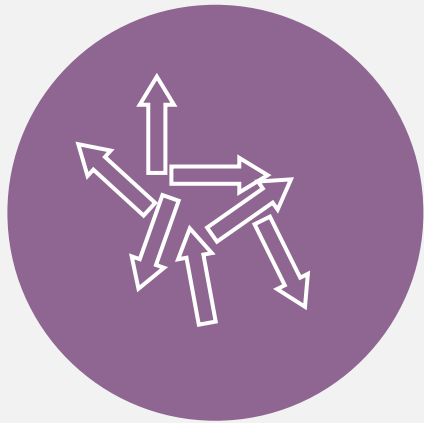
GOVERNANCE

"Great board members are great, not because of what they do in board meetings, but by what they do between board meetings." – Suzanne Smith

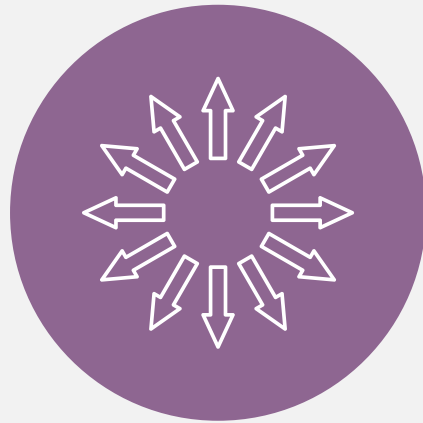
Origin of Board Meeting



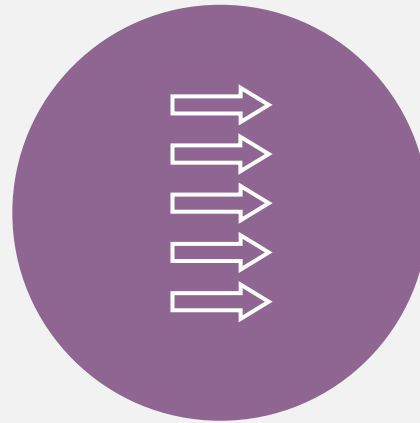
How Do Teams/Boards Work Best?



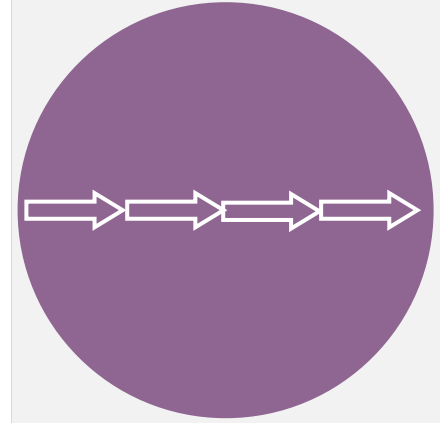
Disorder and Confusion



Individual Impacts in Isolation



Coordinated Impact with Alignment

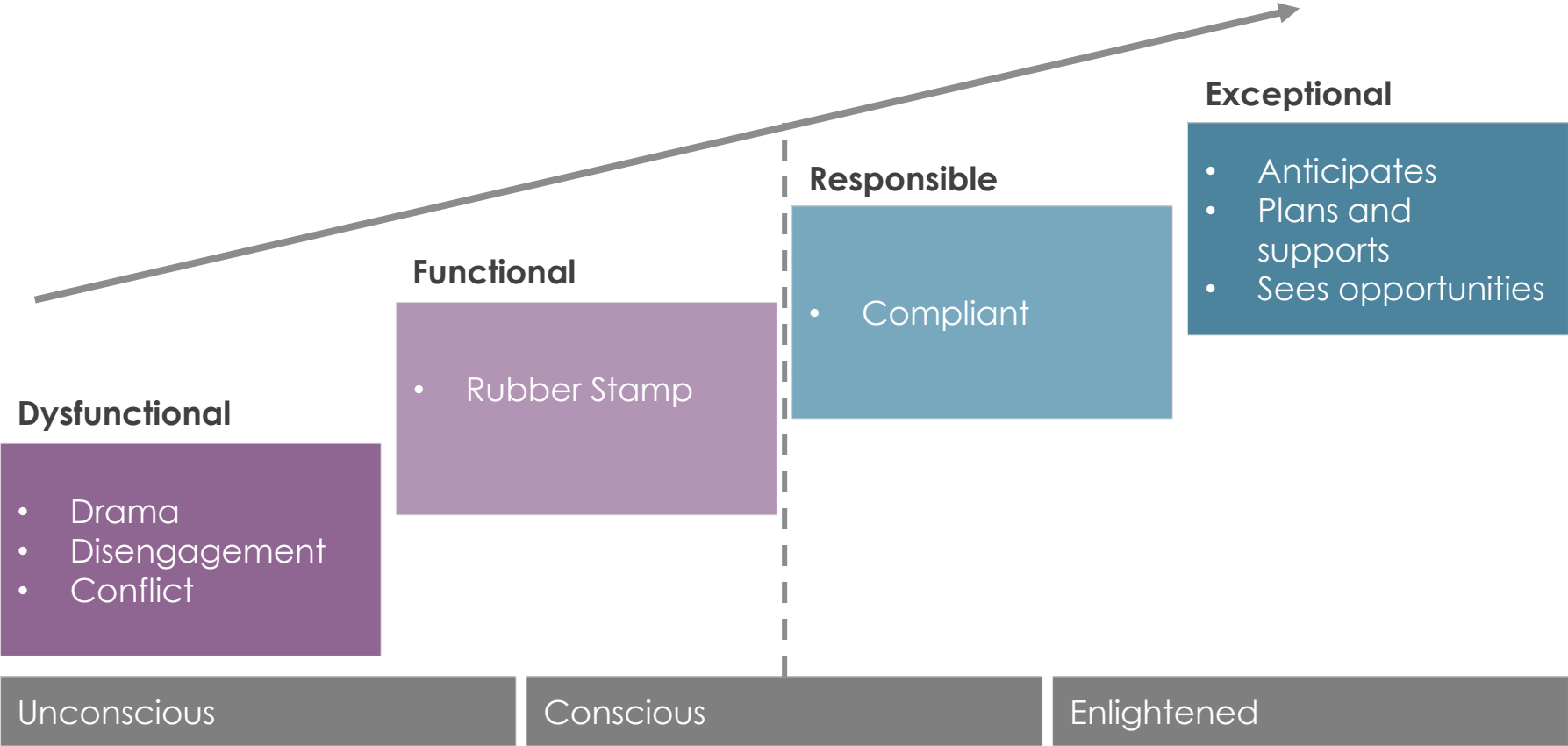


Collective Impact with Collaborative Action

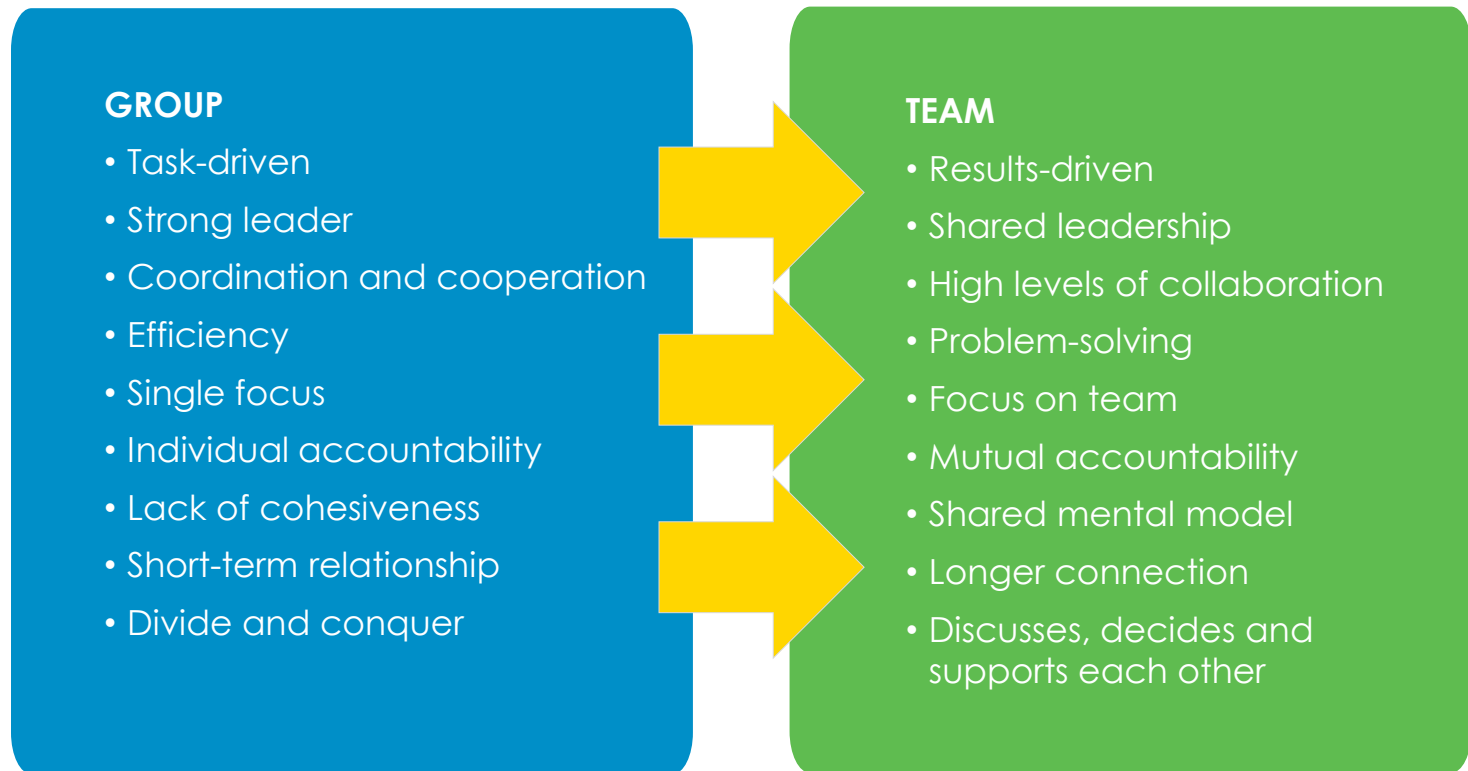
Deep Dive: <https://socialimpactarchitects.com/nonprofit-trends-2024>

Board/Organizational Development Framework

Framework



Biggest Difference – Group versus Team Mindset



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Biggest Culprit – Death by Meeting

6C's of Energizing Meetings

Clarity

- Start with an agenda with key objectives sent in advance and proper planning.
- Send pre-reads for those who want to think ahead.

Compelling

- Be clear about the key decisions being made.
- Organize topics in a meaningful way to maintain energy.
- Use content agenda.

Camaraderie

- Make meetings interesting through pre-meeting networking and quick icebreakers.
- Vary presenters but have common ground rules for active engagement.
- Take breaks.

Consistency

- Start and end on time.
- Set timeframes on agenda and stick with them. Use timekeeper, if needed.
- Use parking lot for new items that come up or take longer.

Conversation

- Focus on two-way conversation and dialogue rather than updates.
- Use ground rules, such as “ditto rule” and “no sidebars,” to keep conversation moving and focused.

Check-out

- End with next steps.
- Close with check-out, which can include feedback and a-ha moments.
- Send a brief email within 24 hours with key action items and next steps.

5 Ts for Individual Board Investment



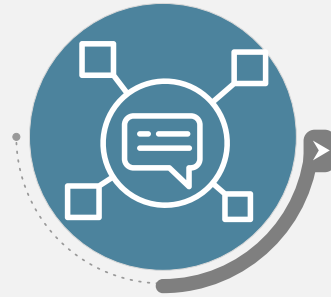
TIME

- Volunteering
- Presence
- Energy



TALENT

- Expertise
- Talent
- Skills



TESTIMONY

- Lived experience in geographic or program area



TREASURE

- Contributions
- Financial or in-kind support



TIES

- Connections
- Networks
- Inspiration

Tool #5: Governance Checkup

Abridged "25 Things Awesome Board Members Do"

Promptly respond to emails



Learn staff's names and roles



Love and believe in organization



Know the organization's work



Show appreciation



Show up - fill their tables at events



Do what they say they will do



Approach staff as team members, not subordinates



Stay in their lane



Understand that they only see a part of the organization



Respect that the Board speaks with one voice



Ask tough questions but with the lens of empowering, not criticizing



Pitch in on their new ideas



Engage their networks



Ensure all policies are followed



Leveling Up Your Efforts



- Conduct professional development to improve board knowledge and team effectiveness
- Shift board (update) meetings to board strategy sessions
- Conduct board retreat to improve teamwork and agree upon team goals
- Develop individual and collective board goals for joint accountability
- Conduct a Board 360 to assess performance & for continuous improvement
- Develop succession plans for key board roles

Nonprofit Megatrends



Q&A

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APPENDIX



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Tool # 1

Impact Culture: Organizational Checkup

**LEVEL
01**

Organization Understands and Appreciates Why Impact Is Important

**LEVEL
02**

Organization Proactively Designs & Measures Programs/Operations Using Best Practices

**LEVEL
03**

Organization Champions Impact Management to Grow & Improve

Deep Dive: <https://socialimpactarchitects.com/impact-culture>

LEVEL 01 Organization Understands and Appreciates Why Impact Is Important

- Board and staff can recite what the organization is trying to achieve and why it is important to the community/greater good
- Everyone truly believes that measuring impact will lead to being a [high-impact, high-performance](#) organization – which ultimately means making a bigger difference for those you serve
- Everyone appreciates that [change](#) is difficult and embraces impact management as an opportunity to demonstrate progress and continuous improvement
- Staff track their impact (e.g., IT, HR, finance & development) through outputs and outcomes
- Program and development staff are on the same team and aligned on program outcomes to be measured
- Staff understand their role in impact management and have performance measures directly connected to the organization's strategy and impact
- [Board tracks](#) its own impact (e.g., funds raised, attendance) to improve engagement and ensure accountability
- Board and staff regularly share results openly, celebrate success and [discuss course corrections](#)

LEVEL 02 Organization Proactively Designs & Measures Programs/Operations Using Best Practices

- All Level 1 items firmly embedded in culture
- Staff use a sophisticated program design model, such as [Lean Startup](#)
- Staff regularly track best practices nationally and embed them into their activities
- Data is collected, stored properly and analyzed on schedule, as planned
- Staff feel empowered to question why data is being collected, especially if it is not used
- Staff have systems and tools to help them collect and interpret real-time data and make changes as needed
- [Stories](#) are utilized to illustrate success and bring data to life
- [Staff possess necessary skills](#) and are encouraged to critically assess all aspects of their work
- Staff do not want to move forward on major decisions without data and careful reflection
- Staff are rewarded for embracing impact management

LEVEL 03 Organization Champions Impact Management to Grow & Improve

- All Level 1 and 2 items firmly embedded in culture
- Organization shares information freely, internally and externally, and "cross-pollinates" as much as possible
- Improvements are made based on data collected and analyzed
- Organization is benchmarking its data against best practices
- Staff receives feedback on how ideas and improvements have led to positive change
- Organization is a learning organization where staff are encouraged to be curious and invest in their professional development
- Organization appropriately charges donors/funders for impact management and audits as a direct cost of doing business
- Organization is using cost-benefit analysis and [social return on investment](#) in its donor/investor conversations
- Board and staff have richer and more [informed conversations](#)
- Donors better understand the big picture through data and stories
- Organization takes calculated risks and worries more about moving the needle than fear of [failure](#)
- Funders are taking notice



Tool #2: Storytelling Matrix

VISION:

MISSION:

WHY?

WHAT?

UNIQUE?

TAGLINE:

HOW?

ELEVATOR SPEECH?

REVENUE

Tool #3: Financial Sustainability Checkup

Budgeting & Planning



Financial Operations



Reporting & Monitoring



Board Governance



Deep Dive: <https://socialimpactarchitects.com/nonprofit-financial-checkup>

Financial Sustainability Checkup

		LEVEL 1	LEVEL 2	LEVEL 3
		Challenged	Stable	Healthy
BUDGETING & PLANNING 	Income Statement created for each line of business/department/program or cost center	No	Maybe	Yes
	Review Income Statement for profitability for each line of business/department/program	No	Maybe	Yes - Probability % of success used to net down revenue forecast
	Organization complies with GAAP revenue recognition	No	Maybe	Yes
	Program Profitability Review	Maybe	Yes	Yes
	Income Statement created for Unrestricted and Restricted Income	No	Maybe - dependent upon \$ level of TRNA & PRNA	Yes
FINANCIAL OPERATIONS 	Financial System	QuickBooks; Xero	QuickBooks PRO; Sage	Sage Intacct; Dynamics 365
	Financial Staffing – Chief Financial Officer (CFO)	None	Yes - but CFO is more transactional than strategic	Yes - experienced nonprofit CFO with strategic skill set & managing HR, Operations & IT
	Financial Staffing – Controller	None - but often using their accountant as the Controller	Yes - manages transactions and closing process well	Yes - Controller is CPA and has extensive GAAP knowledge
	Financial Staffing – Accounting	Has bookkeeper with some skills	Has an accountant with degree	Has experienced accounting team
	Banking	Bank relationship transactional	Bank relationship transactional & strategic	One primary bank and using multiple products
	Credit Availability	Self-funded or Grant-funded	Line of Credit	Line of Credit & other financing options
	Cash Flow Forecasting	Only when needed	Cash flow actual vs. budget monthly	Monthly plus go forward 6-month forecast
	Revenue Recognition	Probably cash basis and recognize all when received	Quarterly	As received and then released per GAAP guidelines
	Cost Allocations	Not allocated unless they have grant programs	Some costs allocated to departments and programs	Indirect & General & Administrative allocated to departments and programs
	A/R & Grant A/R Review	As needed	Quarterly	Monthly
	A/P Review	As needed	Quarterly	Monthly
	Month-End Closing Process	Inconsistent	Not updated regularly	Detailed and evolving

Financial Sustainability Checkup

		LEVEL 1	LEVEL 2	LEVEL 3
		Challenged	Stable	Healthy
REPORTING & MONITORING 	Bank Account Reconciliations - When	Quarterly	Monthly	Twice a month
	Bank Account Reconciliations - Who	Staff person who issues A/P checks	Not the staff person who issues A/P checks	Not the person who issues A/P checks; Controller reviews and signs off
	Cash Timing of Payments	Payroll taxes may not be paid timely; A/P as level of cash allows	Payroll timely; A/P some paid outside of terms	Payroll and A/P paid timely
	Financial Report Preparation	30 - 60 days after month end	Within 30 days after month end	Within 10-15 days after month end
	Creation of Financial Dashboards	No	Maybe	Yes, tied to KPI (Key Performance Indicators) in strategic plan
	Balance Sheet Account Reconciliations	Annual	Quarterly	Monthly
	Endowment - Admin	Executive Director	Controller	CFO
	Operating Reserves	Typically do not have available	Not monitored	Monitored and measured to benchmarks
	Operating Reserves Amount	Less than 3 months	3 to 6 months	6 to 12 months or more
	Annual Audit	Review or compilation	Yes	Yes
	BOARD GOVERNANCE 	Board Meeting Frequency	Irregular	Quarterly
Finance Committee Role		As needed	Semi Active - quarterly	Active - monthly
Board Role/Responsibility Clarity		Inexperienced board; lack of strong leader; committee structure not used well	Competent board; finance committee reviews reports & asks good questions	Knowledgeable & strategic board; strong committee structure
Financial Reports sent to the board		Annual or when asked	Quarterly	Monthly
Actual vs. Budget reporting/explanations		For Total Revenue and Total Expenses only; no Balance Sheet or Cash Flow reporting	Quarterly	Monthly with insights included (e.g., what do the numbers mean)
Risk Management		Not addressed unless issue arises	Focused only on reactive issues	Management identifies risks annually and board discusses and approves mitigation strategy



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Ask tough questions but with the lens of empowering, not criticizing



Pitch in on their new ideas



Engage their networks



Ensure all policies are followed



About Suzanne



Suzanne Smith, MBA

CEO, Social Impact Architects
Adjunct Professor, UTA & SMU
Leadership Dallas – 2012
Leadership North Texas - 2013



Suzanne Smith, MBA, serves as a coach and consultant for social organizations seeking to maximize the impact of their social strategies and achieve real, measurable results. For nearly three decades, she has generated innovative and breakthrough social ideas. With deep local and national social sector expertise, she has been widely recognized for her success in building and implementing award-winning programs and initiatives within the sector. **Suzanne holds an MBA from Duke University's Fuqua School of Business, where she was a CASE (Center for the Advancement of Social Entrepreneurship) scholar and studied under Greg Dees.**

Outside of Social Impact Architects, Suzanne is an **adjunct professor in the school of management at The University of Texas at Arlington and SMU.** She is also a member of the prestigious Society of Organizational Learning (founded by Peter Senge) and National Network of Consultants to Grantmakers. She is also honored to serve on the board of Aileron to help entrepreneurs go to the next level.

Suzanne also authors Social TrendSpotter (@socialtrendspot), one of the sector's top blogs according to the *Huffington Post*. Known for its relatable way of blending important concepts and new ways of working with storytelling, Social TrendSpotter has been hailed by readers as "the only blog I read each week." She is frequently interviewed by regional and national media on social issues and social entrepreneurship and has published articles in *Forbes*, *The Chronicle of Philanthropy*, *See Change*, *Nonprofit Business Advisor*, *Upstart* and *Grantmakers in Health*. **For her outstanding work as a leading thinker, she was recognized with the Next Generation Social Entrepreneur Award by the Social Enterprise Alliance.**

Suzanne is a dedicated community leader and has worn many hats, including serving the City of Dallas on over seven boards and commissions and working pro-bono/low-bono with many projects and nonprofits across North Texas.

About Social Impact Architects

Social Impact Architects® is a social change agency that provides consulting and learning resources to changemakers, working alongside them to design creative and transformative solutions to social issues. SIA uses innovative, market-driven management tools to design cost-effective, pragmatic plans for our clients. We work collaboratively with our clients to ensure organizational ownership and improved capacity to sustain the solutions we help design.

About SIA

- Created in 2009 to bridge the divides in the creation of social solutions between governments, philanthropy, and nonprofits
- Established as a Benefit Corporation; received Best in the World from 2015-2019
- While headquartered in Dallas, Texas, the firm works across the country with clients large and small with a focus on the middle of the country
- Leverages a diverse virtual team with masters degrees from across the country speaking multiple languages

Firm Expertise

- Authors **Social TrendSpotter** (@socialtrendspot), one of the sector's top blogs according to the *Huffington Post*. Known for its relatable way of blending important concepts and new ways of working with storytelling, **Social TrendSpotter** has been hailed by readers as "the only blog I read each week."
- **Social Impact Architects** has successfully contributed to system change and innovation projects at the local, state and national level. This process has been so successful that it was presented in 2015 at the U.S. Conference of Mayors as a best practice.
- **Social Impact Architects** serves in a number of advisory roles to government, including HHS's roundtable on social enterprise.



CEO, Suzanne Smith, testifying at the U.S. Conference of Mayors in 2015.