



JOHNSON CENTER

AT GRAND VALLEY STATE UNIVERSITY

2016 U.P. Nonprofit Conference

It's Time To Evolve: Our Future as Nonprofit Leaders



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PRESENTER

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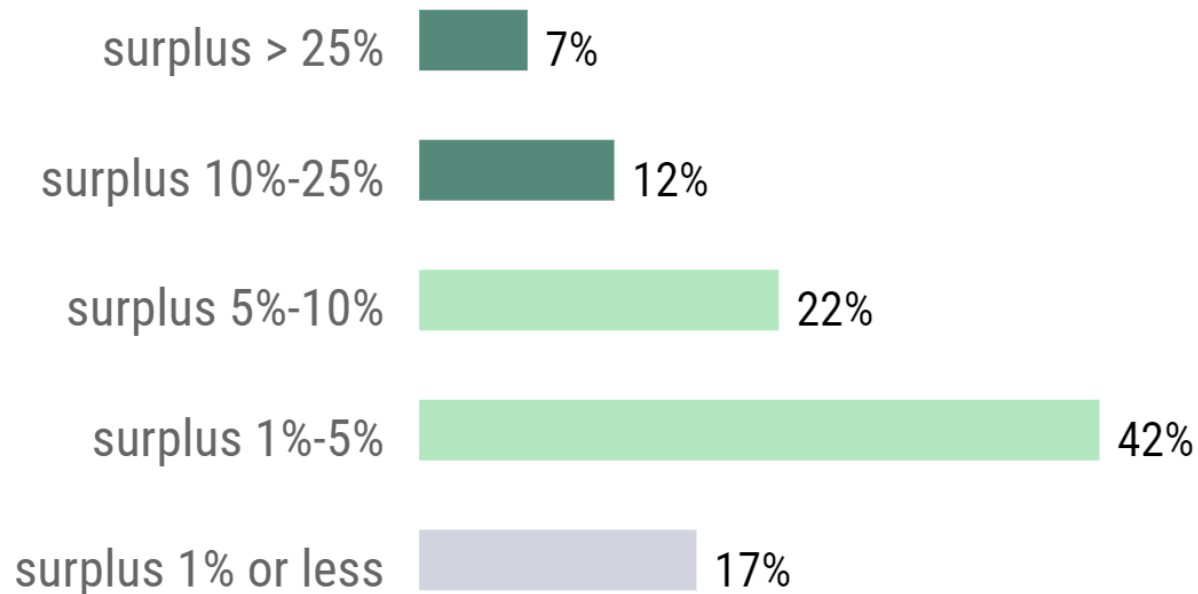
2015 STATE OF THE NONPROFIT SECTOR

- Total Respondents: 5,451
- 67 Percent of total respondents serve low income communities
- Responses are collected nationwide and come from all 50 states and Puerto Rico

Source: Nonprofit Finance Fund



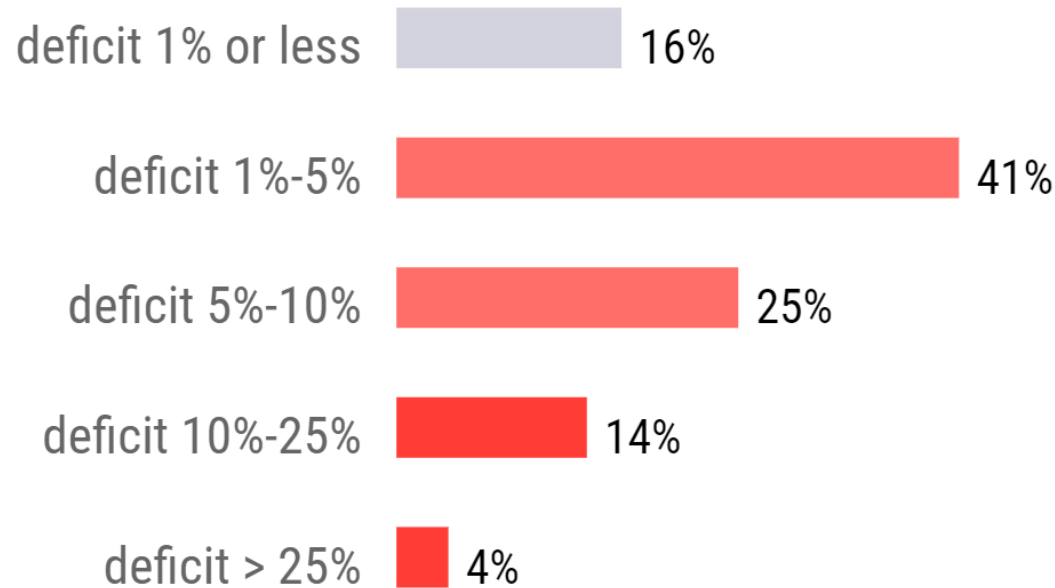
2015 STATE OF THE NONPROFIT SECTOR: % SURPLUS FOR FY 2014



Nonprofit Finance Fund 2015 State of the Sector Survey. Visit nff.org/survey to learn more.



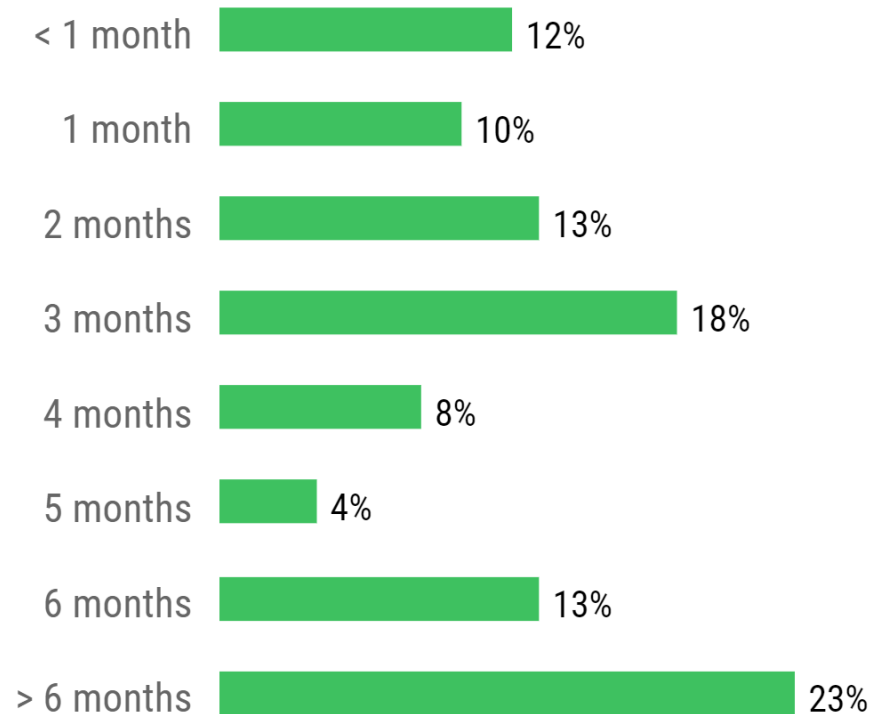
2015 STATE OF THE NONPROFIT SECTOR: % DEFICIT FOR FY 2014



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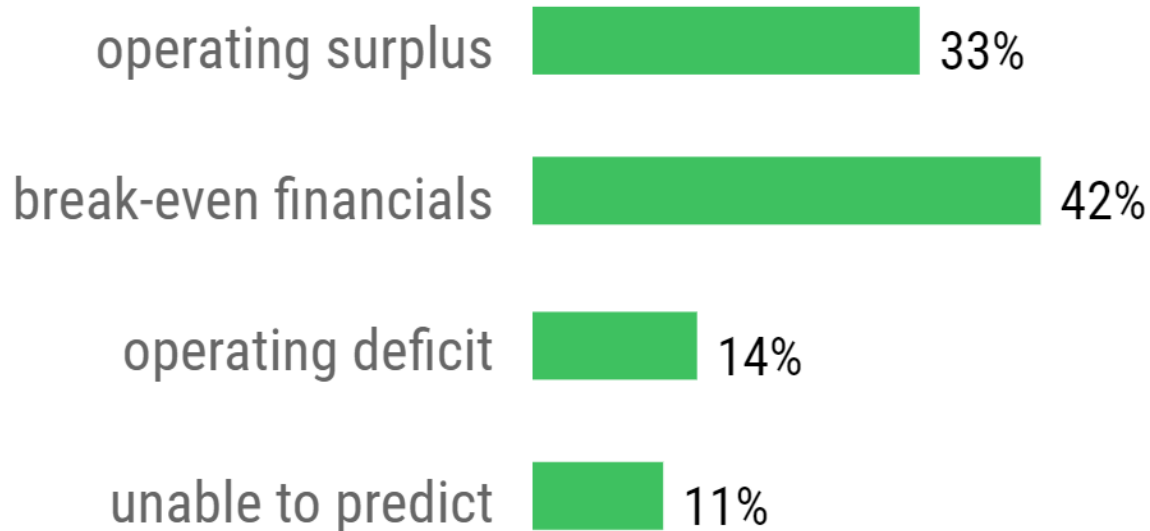
2015 STATE OF THE NONPROFIT SECTOR: MONTHS OF CASH READILY AVAILABLE



Nonprofit Finance Fund 2015 State of the Sector Survey. Visit nff.org/survey to learn more.



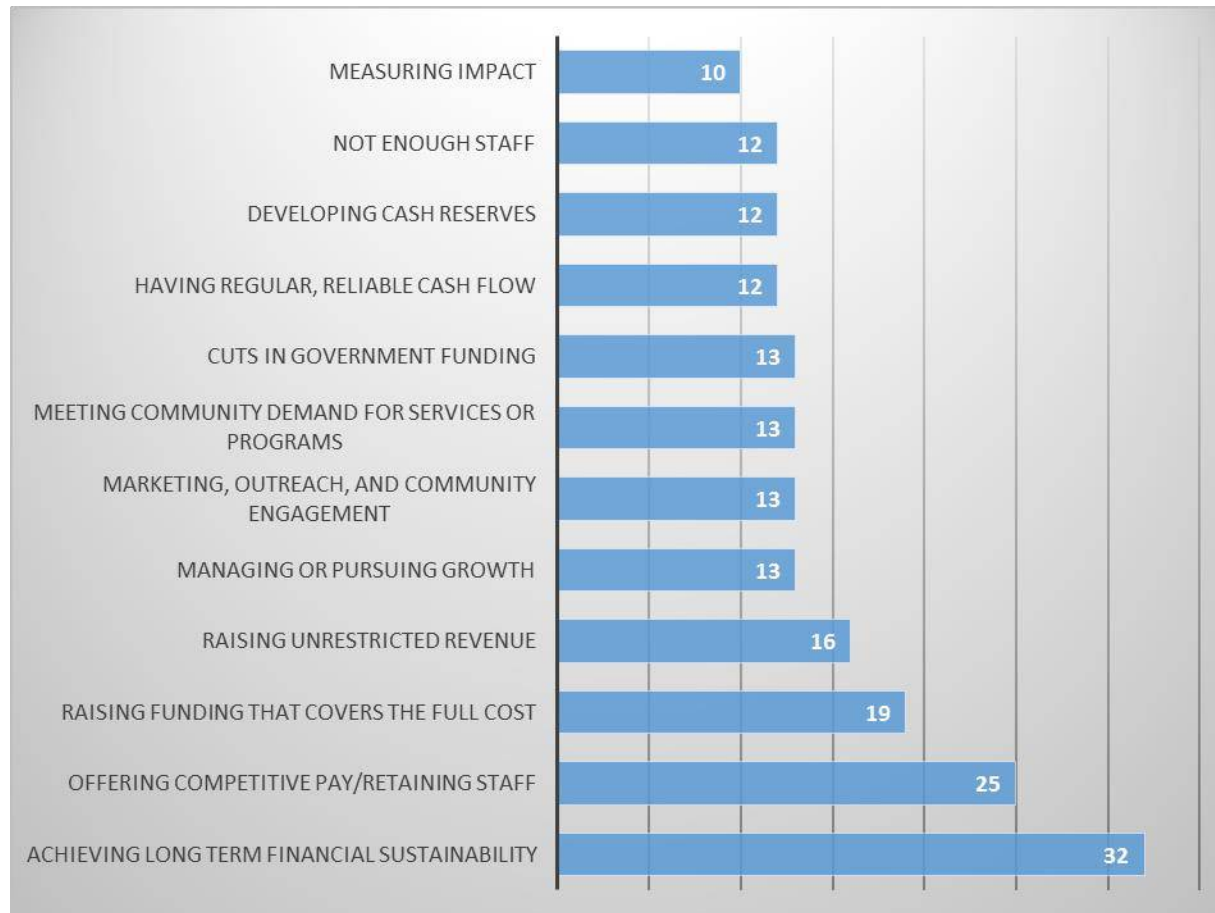
2015 STATE OF THE NONPROFIT SECTOR: ANTICIPATE ENDING FY 2015 WITH...



Nonprofit Finance Fund 2015 State of the Sector Survey. Visit nff.org/survey to learn more.



2015 STATE OF THE NONPROFIT SECTOR: GREATEST CHALLENGES



Nonprofit Finance Fund 2015 State of the Sector Survey. Visit nff.org/survey to learn more.



How We Got Here

1700's

- Colonial Voluntary Associations

1800's

- Nonprofits gain separate legal status

1960's

- Tax Reform Act establishes Private Foundation

1970's

- Nonprofit Management as Profession

1980's

- Government Contracting for Social Services

1990's

- Nonprofit Sector grows from 1 million to 2 million organizations



Reality Check: We have a leadership crisis.

Nonprofits today are asked to do incredibly complicated work. More complicated than ever in U.S. history.

Nothing in the professional pathways of board members prepared them for the job.

Nothing in the professional pathways of CEO/ED's prepared them to work with boards.



Our reality isn't changing.

It's time to evolve.



The Pathway forward:

Obsessions of successful nonprofits

Engagement
Inclusion
Facilitation

Collaboration
Strategic Doing
Brand



My life as a board chair Wellspring/Cori Terry and Dancers





Typical Nonprofit

- 35 Years old with a founder still active
- \$235,000 annual budget
- \$210,000 cash reserve
- Engaged Board with great professional skills
- Limited Staffing
 - 1 Full Time Artistic Director
 - 1 Full Time Operations Manager
 - 1 Part Time Administrative
 - 3 Part Time Program Coordinators



Programs

- 2 major performances each year
- RAD FEST (Midwest Regional Alternative Dance Fest)
- ABCDance (Collaboration with HeadStart)
- Wellspring Dance Academy
- Community Outreach Performances



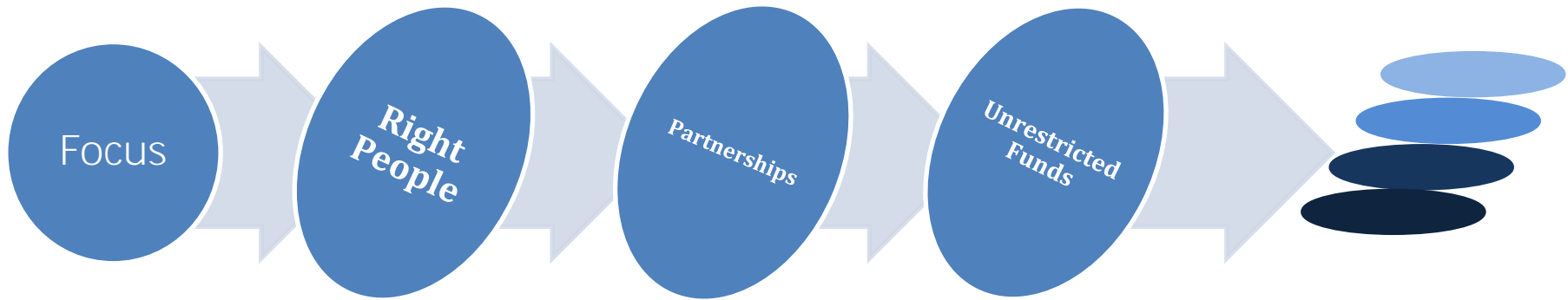
Challenges

- Not Sustainable
 - Over Reliance on Foundation Grant
 - \$50,000 Structural Deficit
- Culture focused on Dance not Community
 - RAD Fest
 - Customer Service of Dance Classes
 - Little variability in performances
- Board members not sure how to help
- Too much work for too few staff members
- “Doggie Paddle Approach to Nonprofit Management”
 - Same strategy; different year



The Foraker Group's Sustainability Model

Program & Services
Sustainability



Based on: McMillian, D. G. (2013). Foraker nonprofit sustainability model, In D. G. McMillian (ed.), *Focus on sustainability*. Anchorage, AL: The Foraker Group.



Focus

- Everyone in the organization must have a shared agreement of what success looks like, how to get there, how to know we are making progress.
- Board must own the focus. They must be part of determining the strategy.
- For Wellspring:
 - Board Education
 - Strategic Framework Development
 - Strategic Imperative Matrix (Compass Point Nonprofit Services)
 - Focus on Earned Income
 - Board Meeting Agendas Organized By Strategic Framework



Fulfilling
Mission

HEART

- RAD Fest
- Concerts
- ABCDance
- Community Performances

BULLSEYE

- Dance Academy

STOP

- Chocolate Soiree

MONEY TREE

- None

Losing
Money

Making
Money

Not Fulfilling
Mission



People

- Engagement: Nonprofits facilitate community responses to community needs.
- Our job is to build a movement of people who are meaningfully engaged in our mission.
- Successful fundraising is an outcome of engagement.
- Volunteers do more than get tasks done.
- Cultural competency and inclusion are a must.

- For Wellspring:
 - Restructure ED Job around facilitation
 - Community Engagement committees and taskforces: RAD Fest, Dance Academy, corporate team
 - Cultural Competency facilitation for Dance Academy



People

- CEO/ED's job is to facilitate the work of the board and key volunteers. 40% of the job should be focused here.
- The Board must always be out in front.
- Lead and Follow is the role of the CEO/ED
- Board members must know
 - Basic roles and responsibilities,
 - What this organization needs from the board
 - How to be a board member for this mission
- For Wellspring:
 - Individual board members have their own scope of work, Operations Manager facilitates their engagement
 - Education on modern dance
 - Ongoing education on nonprofit management and structure
 - Re-branding focused on culture of community engagement



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Partnerships

- The issues our organizations work on are far too complex for our individual organizations to solve alone.
- Competition does not exist in the nonprofit sector. There is no shortage of resources.
- Collaboration augments the philanthropic culture.
- We are better together than we are apart.
- For Wellspring:
 - Collaborated with HeadStart on Early Literacy program, meeting a community priority need.
 - Made the decision that one artistic collaboration will be included every performance season.



Unrestricted Cash

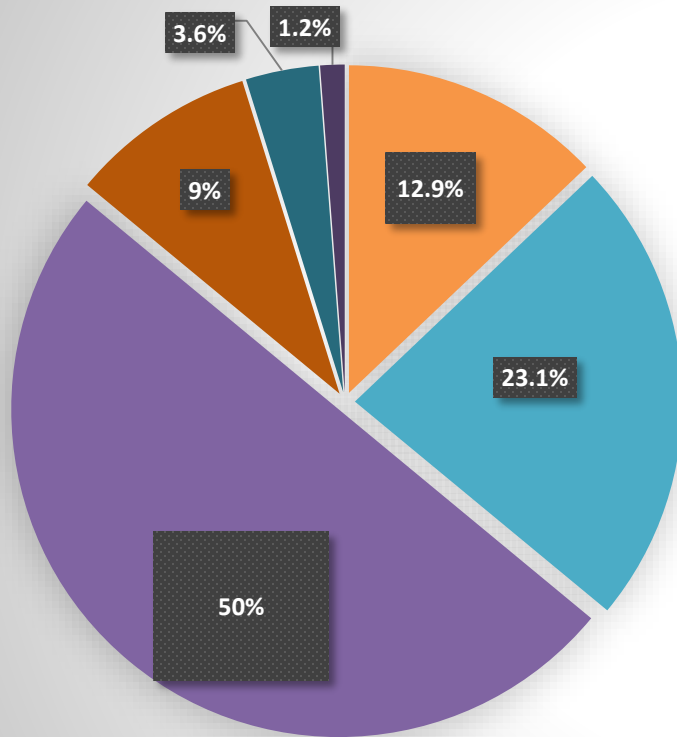
- Long term revenue generating strategies must be focused on unrestricted cash.
- Restricted program grants are damaging the sector.
- We are likely losing money on most if not all foundation and government grants.
- We must be able to invest in what we need and when we need it.
- For Wellspring:
 - Could not exist without our cash reserve.
 - Focus on Dance Academy.
 - Emphasis on brand, engagement, and communications has kept individual donor income steady



Resource Development

2013 Public and Charities Sources of Revenue

Total Revenues
\$1,650,000,000

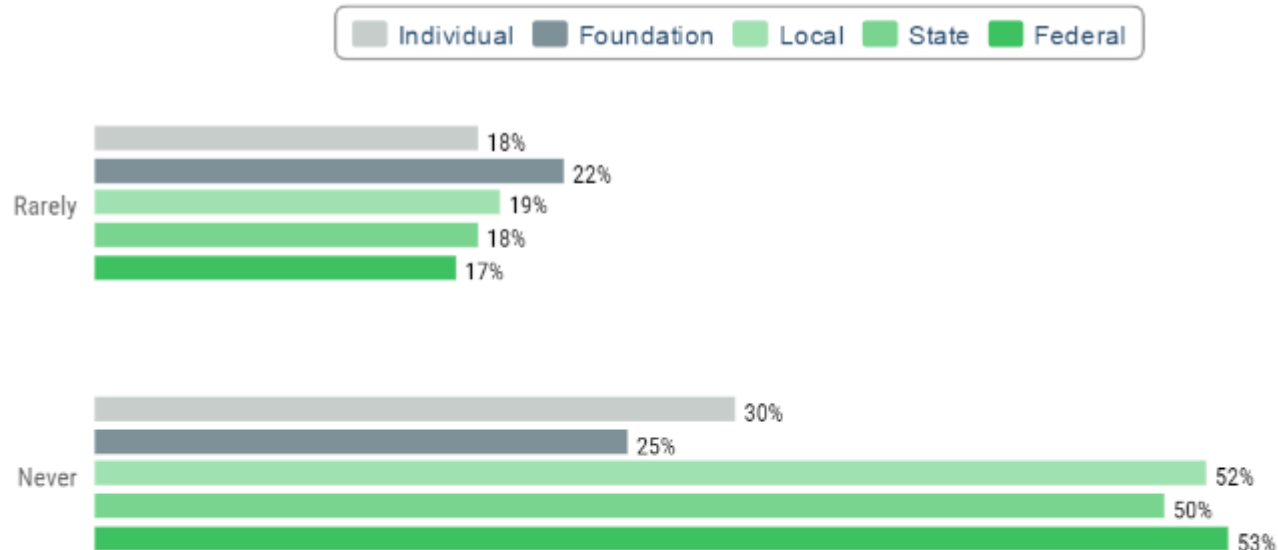


- Philanthropy
- Earned Income: Service fees from government sources
- Earned Income: Service fees from private sources
- Government Grants
- Investment Income
- Other (including dues, rental income, special events, goods sold)

Source: National Center for Charitable Statistics



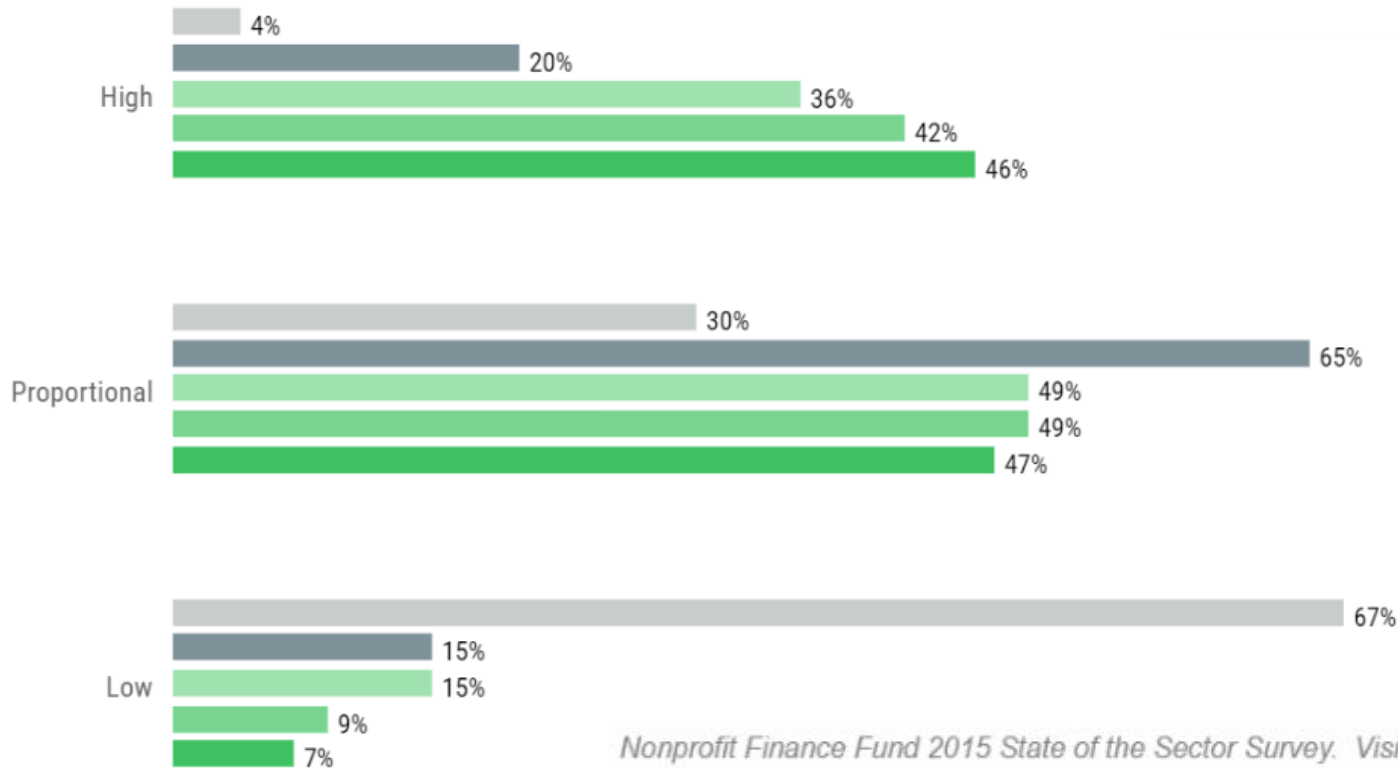
HOW OFTEN DO FUNDERS COVER THE FULL COST OF PROJECTS THEY FUND?



Nonprofit Finance Fund 2015 State of the Sector Survey. Visit nff.org/survey to learn more.



REPORTING REQUIREMENTS IN RELATION TO FUNDING AMOUNTS IN 2014



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COMMUNITY
ENGAGEMENT
ENCOURAGES
GIVING
&
FUNDRAISING
CAN BUILD
COMMUNITIES

Perspectives of Boston University's
Schervish and Havens:

Giving is Influenced By:

- Values or Frameworks of Consciousness
- Experiences during youth
- Identity and Social Participation
 1. Association with community.
 2. Participation in the community.
 3. Identification of shared community needs.
 4. Engagement (Time or Money) in meeting community needs.

SOCIAL STRUCTURE THEORY

“Small Business and Civic Welfare,”

1946 report by C. Wright Mills and Melville J. Ulmer led to classic theory now taught in most sociology and business degree programs.

1946 research comparing the economies and networks of:

- Grand Rapids and Flint
- Kalamazoo and Pontiac

Key finding:

Social Institutions and their boards play **a key role in building a community's** social capital and long term economic viability.

COMMUNITIES
WITH
OPPORTUNITIES
FOR LEADERSHIP
AND
ENGAGEMENT
ARE MORE
VIABLE

The Future of Nonprofit Management

Chaotic Theory

Dee Hock, Founder of VISA

Self-organizing,

Self governing,

Adaptive,

Nonlinear,

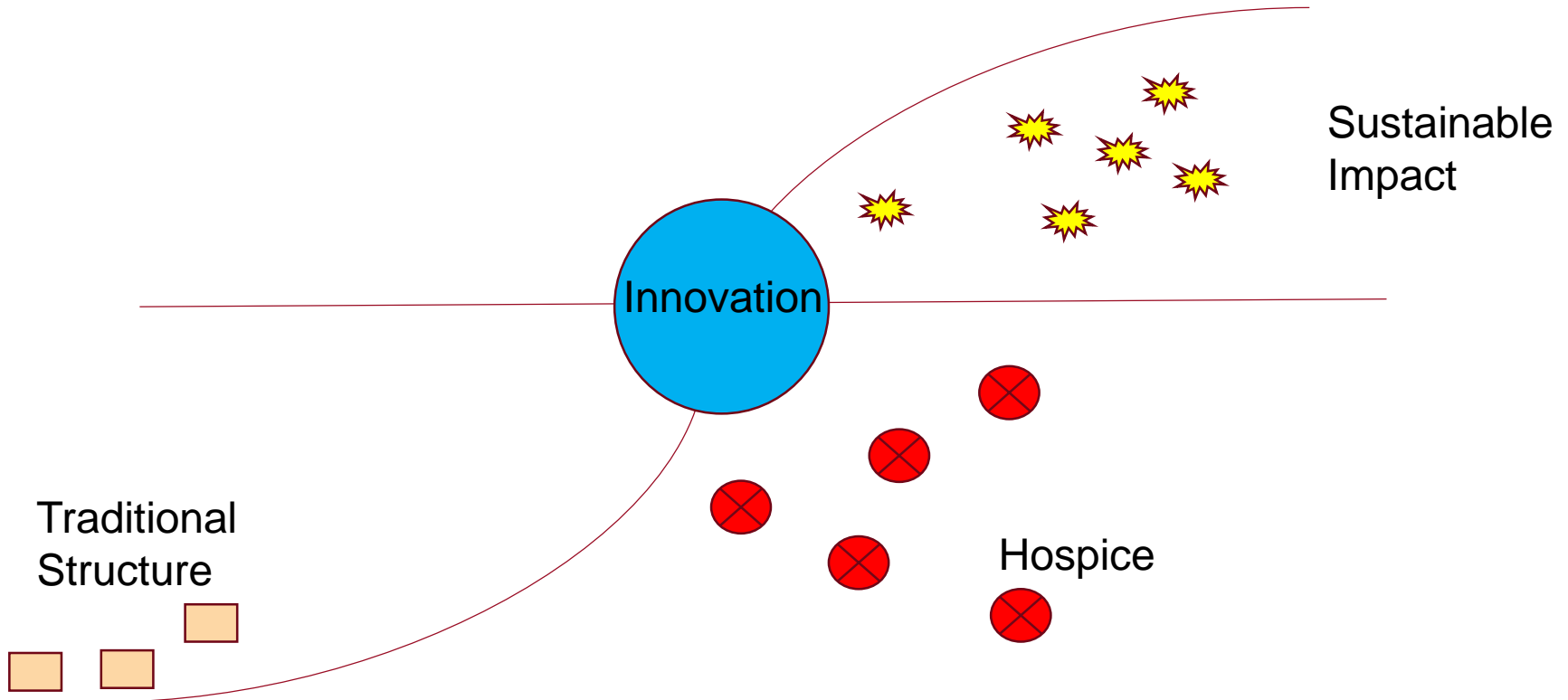
Complex organization, community or
system

Meg Wheatley

Be the HOST not the HERO.



Arc of Organizational Development





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