

## Crucial First Steps to Start Thinking About the Sustainability of Your Nonprofit Organization

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Monday, 25 February 2013 04:49



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In the current environment of increased demand for services and economic pressures, many nonprofits are concerned about their sustainability. There are multiple directions to consider, from diversifying revenue streams to partnerships and merger. Here are six crucial steps for Executive Directors and Boards to consider as they address the present and future of their nonprofit. Comments on a recent success story of the merger between the Partnership in Philanthropy (PIP) and the Support Center for Nonprofit Management will be the backdrop for each of these crucial steps.

- 1. Be fearless:** Ask the right questions and seek out clear and direct answers. Is your business model still applicable? Is your organization still relevant? What's your plan B for maximizing revenue? What are your strengths and best programs? Where can you improve? Are your programs on target? The key first step in assessing your organization's sustainability is to ask targeted questions and be open enough to accept the answers. Both the Executive Director and the Board of PIP understood that asking direct questions would provide the answers they needed to consider the future of the organization.
- 2. Understanding the current market place:** 21st century non-profits must change to survive. What do you need to adjust? What new resources, strategies and approaches does your organization need to get to the next level? Where does the organization have excess capacity? As clients and funding declined over several years, it appeared that the PIP business model might not be producing the desired results; this prompted an in-depth examination of what might be adjusted.
- 3. Expand funding opportunities:** Funders (corporate and foundation) are interested in creative ways for nonprofits to view longevity. Greater emphasis on efficiencies (reducing cost) and impact (serving more) is what will bring in new funders and expand the scope of existing commitments. Funders are inspired by your organizations progressive view of planning for sustainability. Several existing funders were pleased with PIP's proactive move to explore opportunities and they funded this sustainability initiative.

**4. Views from every angle:** You need an Agent of Reality to analyze and evaluate your organization. This role begins with a series of confidential interviews to fully understand where your organization stands with stakeholders (staff, clients, customers, volunteers, board members, donors, funders). The results provide critical data to inform an in-depth analysis. Is your organization maximizing resources efficiently and effectively? Do you have the capacity to make the impact desired? How do you stack up to the competition? How are others providing similar service? Are others referring your services? What do your donors really think of you? Are your funders totally confident in your organization? You need to know the answers to these questions and, most importantly, this data can help shape your planning for the future. External assessments are vital components in the decision-making process to help you lay the groundwork for planning and a long-term outlook for your organization. Over 100 confidential interviews were conducted with internal and external PIP stakeholders. The analysis and evaluation of these results informed and supported innovative decision-making.

**5. Who's driving the train?:** When your Board members speak candidly, these conversations, constructive comments and reality checks will ensure an open dialogue on the sustainability of your organization. If few Board members are willing to commit to leadership positions, other options must be considered, such as collaborations, partnerships and mergers. Examining options is the most challenging task for any Board. Here, customized decision-making tools, in combination with interview data, help the Board discover the optimal path for the organization. The PIP Board worked diligently on leadership challenges and constraints, resulting in a shift in the discussion to examine other opportunities, including partnership.

**6. Identifying the right partner:** It is important during this sustainability assessment to provide a full range and perspective of options. Therefore, as part of the confidential interview process, potential partners are also assessed to evaluate their strength and influence in the nonprofit sector, market positioning and regional impact. These are the vital factors in recommending a potential good match, should the organization choose this option. Prioritizing and ranking success indicators will help Board members evaluate this next big step. This step in the process proved invaluable in identifying a full range of opportunities for PIP. Utilizing the data from prioritizing and ranking success indicators allowed PIP Board members to feel confident in initiating preliminary talks.

Executive Directors and Boards have considerable history and relationship invested in their nonprofit organization. An objective process of self-examination and data gathering from external and internal sources can identify strengths and successes, plus remediable and inherent weaknesses. With this big picture view, the Executive Director and Board can determine the sustainability of the organization and plan its future. PIP undertook this four-month sustainability initiative, which allowed the consideration of constructive comment from a wide range of stakeholders to result in a well thought-out and selfless resolution.

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