

Axelson Review

FOR NONPROFIT PROFESSIONALS
AND VOLUNTEERS

CONNECTING LEADERS. TRANSFORMING COMMUNITIES. SPRING 2011

Talent development: a necessary investment

Many nonprofits think they can't afford to invest in professional development.

The truth is, they can't afford NOT to.

According to the Annie E. Casey Foundation, 15 to 35 percent of nonprofit



executives plan to leave their current positions within two years; 61 to 78 percent expect to leave within five years. Given our sector's historic lack of succession planning—a key to talent development—this turnover rate presents a significant challenge. In the for-profit arena, businesses fill 60 to 65 percent of senior management positions from within.

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The Axelson Interview

Civil society at a crossroads



Diana Aviv is president and CEO of Independent Sector, a leadership forum for nonprofits, foundations, and corporations with giving programs

committed to advancing the common good in America and around the world. She will be the opening keynote speaker at the 12th Annual Symposium on May 17, 2011.

What trend will have the largest impact on the work of NPOs in the next five years?

This sector is huge, made up of more than a million organizations. About 74 percent of these groups work with annual expenses of less than \$500,000; about 3.8 percent manage annual expenses of more than \$10 million. When we talk about the sector in

general terms, we need to understand that ours is a broad and mixed picture.

That said, clearly some of our bigger challenges will continue to center on financial shortfalls. Last April, the Nonprofit Finance Fund surveyed 1,000 nonprofit organizations and found that only 12 percent operated above the break-even point. Thirty-one percent reported having one month of expenses on hand, and another 31 percent claimed a cushion of three months or less. Many organizations simply don't have the money they need to do their work. At the same time, demand for their services increases.

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**THE AXELSON CENTER
FOR NONPROFIT MANAGEMENT**

at North Park University in Chicago

Civil society at a crossroads *(continued from page 1)*

How can organizations respond effectively to this type of budget crisis?

We need to approach every problem as an opportunity to think more creatively—to find better, smarter, more effective ways to do our work. That’s really the silver lining of this dark cloud, because most people aren’t willing to make a big change until they’re faced with a crisis.

Many NPOs are responding by collaborating, merging, or sharing space or backroom operations with other organizations. They’re also working harder to document their effectiveness. This effort is more important than ever, because donors, foundations, and the government are demanding greater justification for our work and greater accountability for how we spend every dime. Independent Sector is working with groups of members to create a tool that can chart organizations’ impact. We want this instrument to be something all nonprofits can use.

What other trends should nonprofits prepare for?

The 2010 US census shows that Latinos make up the fastest growing segment of our population. Fifty years from now, we expect Caucasians to be the new minority

and people of color the majority. Today, Caucasian men dominate the leadership of civil society—it doesn’t reflect our current or future realities. We need to craft a strategy to achieve more representative leadership both in the NFP sector and elsewhere.

We also need to confront the possibility that nonprofits will lose their privileged place in this country. Congress will likely consider changes to the tax code as it tries to encourage businesses to stay in the country, to cut spending, to reduce the deficit, and to bring down the debt level. Part of these discussions will undoubtedly focus on how to define nonprofits, how to decide when and if NPOs are necessary, and how to determine nonprofits’ scope of responsibility. As I said earlier, we need to prepare for tough questions by documenting our impact and proving our effectiveness.

Civil society is at a crossroads. Europe has often looked to the US to learn how civil society can solve problems and reduce the public’s reliance on the government. With our state governments running out of money and the federal government deeply in debt, our social contract is being challenged. Who is responsible for doing what? It’s a huge question that we’ll be talking about for a long time. ■



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Turning the corner on philanthropy



Wesley E. Lindahl, Ph.D., is the dean of the School of Business and Nonprofit Management at North Park University. He will be leading a session on trends in philanthropy and fundraising strategies at the 2011 Symposium.

Digesting and comprehending the tremendous amount of data out there about philanthropy and fundraising can be a daunting task. Let's look at one critical trend impacting philanthropy in America: the recovery from the global recession. Current data indicate that we are experiencing an upward trend in giving across the US. Some large reports, such as Giving USA, don't show this trend since the data set is from the year 2009 (when there was an unprecedented drop in giving of 3.6 percent from the year prior). But when you look at more recent surveys, you can see that philanthropy is indeed recovering.

A recent report in Sage Nonprofit Insights looks at giving in the first quarter of this year. The findings are indeed optimistic: "Organizations that carry out

fundraising are optimistic that 2011 will be a better year than 2010. Ninety percent said that they expect the amount of funds they raise in 2011 will be equal to or higher than the amount they raised in 2010. This is up from 70 percent of the respondents that said the amount they raised in 2010 was equal to or higher than the amount they raised in 2009."

The Nonprofit Research Collaborative, November 2010 Fundraising Survey reported positive findings as well. Comparing the first nine months of giving in 2010 to the first nine months in 2009, the downslide in giving that was so dramatically evident in 2009 has slowed in 2010. In 2009, 51 percent of organizations reported a decline, compared to only 37 percent in 2010. Although we still are not at the 2006/2007 levels, we have reversed course and are headed in a positive direction.

Finally, the AFP Fundraising Effectiveness Project (FEP) survey, which included 9,194 responses, also shows a positive trend. Total change in the amount of gifts reported for 2009-2010 is 0.1 percent compared to -17.7 percent for 2008-2009 and -6.1 percent in 2007-2008 (these numbers reflect net gains in giving, minus any losses). For those unfamiliar,

the FEP project helps nonprofits quantify donor retention. It enables NPOs to raise additional funds by identifying and investing in fundraising strategies that both increase gains and reduce losses.

The million dollar question: If we are turning the corner on philanthropy, why is the sector still under such extraordinary financial strain? The answer is that philanthropy doesn't make up the majority of revenue for most organizations. Instead, government funding—in particular state government funding—along with fees for service represent the bulk of revenue for most NPOs. The human services sector is especially vulnerable. As you may have read, the State of Illinois owes these organizations millions of dollars in back payments. According to the Donors Forum report, Economic Outlook 2011, "... the most immediate threat to nonprofits' financial stability is the Illinois state budget crisis."

The recent increase in state income tax in Illinois will certainly not solve the crisis completely. However, given the positive changes in philanthropy combined with some movement at the state level, we should eventually get out of this economic mess. How long it will take is anyone's guess. ■

Talent development: a necessary investment *(continued from page 1)*

Nonprofits average half that rate.

Many donors, members of the media, and nonprofit-rating organizations regularly push NPOs to reduce overhead. Unfortunately, this can lead us to minimize the resources we devote to building leadership capacity.

Efficiency is important, of course. But it's penny wise, pound foolish to ignore the cost of recruiting leaders from outside. After all, skilled management is key to our success. We need strong management teams—even if that means directing more resources to overhead.

Of course, talent development isn't

limited to senior executives. The world's top-performing organizations know that employee engagement drives outcomes. Not certain how engaged your employees are (or are not)? Consider the following factors:

- How well do your managers communicate and "walk the talk"?
- Do your employees find the work mentally stimulating?
- Do your employees understand how their work contributes to the organization's performance?
- Do staff members enjoy opportunities for professional growth?
- How do employees feel about their

association with your organization?

- Do staff members value their relationship with managers and coworkers?

The 12th annual Axelson Center Symposium devotes four sessions to leadership development issues, including talent development and employee engagement. I look forward to seeing you there. ■

Pier C. Rogers, Ph.D.
Director, The Axelson Center

Four technology tips



Lisa M. Dietlin is president and CEO of Lisa M. Dietlin and Associates, Inc., a firm that helps develop philanthropic strategies for individuals and not-for-profit organizations.

Staying on top of today's social media and technology options can be daunting. Below, Lisa M. Dietlin offers four quick, easy, and inexpensive ways to make the most of common tools.

Make your email signature work for you. You and your staff may send hundreds, if not thousands, of emails every day. Take a few minutes to create a universal email tagline that promotes your organization with each of those messages. The line could be anything from, "Click to help the 7,000 kids in foster care in this county" to "Have you checked our website at www.greatwebsite.org?" to "Register now for our June gala!" Change the tagline at least once per month.

Post your web address everywhere (your Facebook and Twitter information too, if applicable). Everything from short email notes to 24-page brochures should include this vital information. If it's not already printed on your letterhead, avoid reprinting early by incorporating the web address into a standard P.S. on every letter.

Use the phone. Explore mobile giving options for captive audiences. Consider all those fans sitting in the stands at college football games, for example. What if a scoreboard message invited them to text GIVE 999 to make a \$10 gift to a student-athlete scholarship fund?

Easy does it. Don't bury the philanthropy section of your website. Clearly identify it on the homepage using words like "donate" or "give." Terms like "alumni and friends" or "advancement office" are obvious choices only to those of us who work in the sector. Finding a way to give shouldn't take as long as getting to the center of a Tootsie Pop! ■

About the Axelson Review

The *Axelson Review* is published quarterly by the Axelson Center for Nonprofit Management at North Park University, which serves the educational needs of nonprofit professionals through degrees and certificate programs, on-site trainings, and an annual symposium series that addresses the contemporary issues and challenges confronting nonprofit organizations. For comments or feedback regarding the content of the *Axelson Review*, please email cbeall@northpark.edu or call (773) 244-5747. To subscribe, please email your contact information (name, organization name, address, email) to axelson@northpark.edu. Include in the subject line "Axelson Review Subscription." Please notify us if you would like to be removed from the list, or if you are receiving multiple copies.

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Nonprofit Chicago blog

Visit the Axelson Center blog, *Nonprofit Chicago*, for great resources and educational articles. Below is a recent post.

Want a great 2011? Let the planning begin!

Moving your organization from good to great requires planning. You will never get from Point A to Point B if you let the ship steer itself. But this is just the situation with many nonprofit leaders. We are too busy putting out fires, trying to keep fires from starting, or dealing with the day-to-day details that we let critical planning go by the wayside.

I will put myself on a limb and suggest that every high-impact organization has a nonprofit leader who carves out time for planning, regardless of what fires are brewing.

With that said, and with the new year upon us, I thought I would provide some planning tools. All great and most free. Read more: <http://www.chicagonow.com/blogs/non-profit-chicago/2011/01/welcome-to-2011-resources-for-planning-for-a-great-year.html> ■

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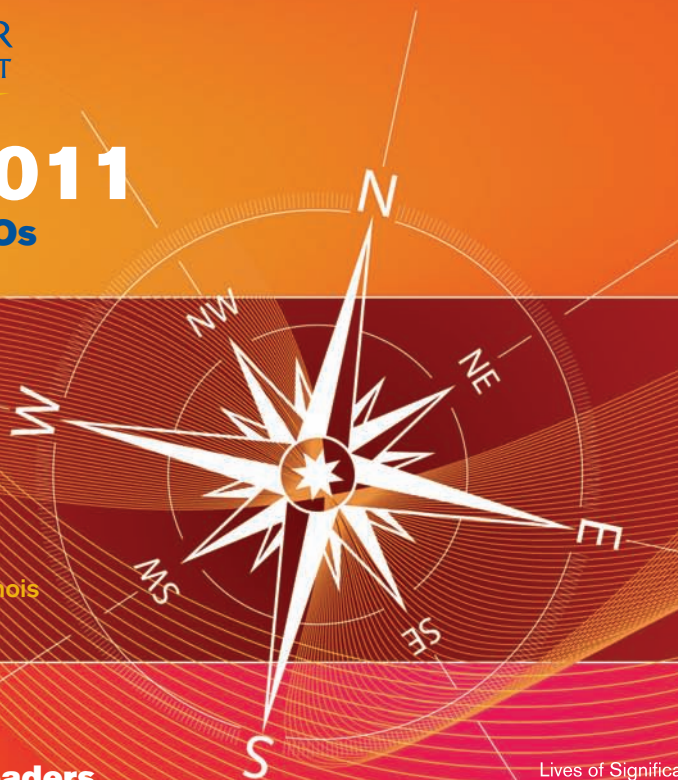
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