Nonprofit Infrastructure Services

NEEDS ASSESSMENT SURVEY

PRELIMINARY REPORT

EXECUTIVE SUMMARY

CREATIVE COLLABORATIONS
MAY 2009

Preface

Creative Collaborations is a nonprofit based in Seattle, WA, with the mission of building organizational capacity through collaboration, resource sharing, and pooling administrative activities – specifically for small-to-midsize nonprofits and coalitions working toward social change. (For more information about the importance of organizational capacity building and specific services we provide, please see Appendices O and P.)

Creative Collaborations was formed out of the desire to free up nonprofit staff and volunteer time to focus on their missions, passions, and strengths. Over and over, we saw nonprofit leaders wanting to reduce their administrative overhead, and nonprofit staff wanting to focus their passions on fulfilling their missions and building their skills.

And yet too much time and energy is spent on and drained by routine, non-mission-related, yet essential tasks. For the organization with an office: who will buy the toilet paper? Where's the cheapest place to get toilet paper? Should we go with organic or cheap? How much staff time should we spend on this decision? Is it fair to ask a volunteer to pay for the toilet paper up-front and wait for reimbursement, or should a director with a corporate card make the run? For the all-volunteer organization: who has the outreach materials? Is this printed version the most recent? Do we have an editable electronic version? Who has the money to get it printed? Who did the research last time to figure out which copy store is the cheapest, and is there a record of that research anywhere?

No doubt there is much work to be done to develop viable solutions that address the infrastructure needs of nonprofits. Our first step was to conduct a needs assessment survey in 2008. Creative Collaborations is excited to share this report of our survey results with you, and we hope you'll find it useful in your work as a nonprofit or with nonprofits.

A word of caution: this report is a *preliminary* look at nonprofit infrastructure needs based on initial survey responses from 38 organizations. While we believe this report captures essential information about nonprofit infrastructure needs, we also recognize that it is not complete – especially in representing the needs of small organizations. As we continue to survey nonprofits, we hope to more thoroughly identify gaps in infrastructure support.

But for this, we need your help.

If you currently work at a nonprofit and have not taken our survey, we seek your assistance and input. We also invite technical and technology assistance providers and consultants to join the dialogue. If you're interested in learning more about working with nonprofits to develop collaborative solutions, please contact us.

Finally, finishing the interviews and focus groups and producing the final report will take more resources. If you find this interim report useful and are interested in supporting the remaining work – more surveys, focus groups, and the final report, please contact us.

We can be reached at info@ccnpa.org. We thank you for your interest, and we're excited to collaborate with you to strengthen our nonprofit sector.

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Executive Summary

In early 2008, Creative Collaborations conducted a web-based survey of nonprofits. The data presented in this preliminary analysis are from the 38 complete responses gathered, the vast majority of which were from Washington State. Respondents ranked their infrastructure needs across five different categories: Benefits and Insurance; Financial; Operations; Technology and Communications; and Facilities, Supplies, and Printing.

Highlights:

Human Resources: HR services topped the list of high demand areas. Included in HR were needs associated with finding new employees and volunteers, including (executive) search assistance and help deploying networks to locate the best possible employees; and assistance developing HR policies. Most groups indicated a need for some HR help, however not to the extent of needing a full time HR person on staff.

Design and Communications: In this area, we note that organizations know whom they want to reach, including supporters and clients, but not necessarily the best way to reach them. Organizations felt comfortable with initiating a presence on the web, but felt they needed help updating websites and keeping content fresh.

Information Sharing: Regarding information sharing, start-up organizations especially report high need for surveying and conducting needs assessments, and most organizations expressed a desire for a customized list of potential resource collaborators.

IT/Data: The IT/Data section included topics ranging from identifying IT needs, creating a technology plan, and procuring hardware and software to administering online systems and databases. While some of these services are available through existing technology assistance providers, many respondents using these providers found the services too expensive or not tailored to their needs, or they were unfamiliar with their options.

Accounting/Procurement: In this area, we note that organizations recognize the need for improved accounting, auditing, financial, and tax reporting of their organizational activities, but securing these services is too often cost prohibitive. Recent legislative and regulatory changes in nonprofit tax and reporting requirements will no doubt further challenge organizations beyond their financial and administrative capacities. Regarding procurement, interestingly, choosing environmentally friendly product vendors, getting bulk rates, and lowering printing and copying costs topped the needs in this area.

Hierarchy of Needs: We asked groups to indicate whether their needs were high, medium, or low-level. Perhaps predictably, small organizations were far more likely to rank needs in the 'high' category than midsize or large organizations. None of the large groups ranked any need in the "high" category. Medium sized organizations mainly had needs related to staffing, including HR needs and benefits.[1]

Surprises:

Collaboration/Partnering: The surprise here was that demand wasn't higher: it topped out in the medium range. While funders and intermediaries see the need for and benefits of collaboration, organizations clearly do not place high value in it. Why? In some cases, organizations may fear losing power and autonomy in moving mission-related priorities,

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[1] It's worth noting that relatively few small organizations responded to the survey, perhaps because they didn't have time, capacity, or incentive (e.g., funds) to complete it, they were unaware of it, or they do not yet know enough to know what they need.

particularly when collaborating organizations differ in size and budget, and are at different stages in their organizational development life cycle. In some cases, some needs (such as assistance scheduling meetings) may also have been rated low because it was primarily executive directors who completed the surveys; service-level/line staff may have given different responses. In still other cases, collaboration may mean stretching already thin resources, especially during the initial workload.

Project Management: This area was also not rated high. This may be because organizations "don't know what they don't know" – they don't have direct experience with project management or professional project managers and don't know what such a service could do for their organization. While project management might be most helpful in cross-organization collaboration, it is possible that respondents were only considering intra-organization needs.

Benefits: We were pleasantly surprised that more benefits are being offered by more nonprofits than we initially expected. Less surprising was the fact that only the largest organizations were satisfied with the benefits they could offer their employees.

Next Steps:

Because of the small sample size represented in this preliminary report, it is imperative that we conduct outreach to increase the number of responses. Throughout the survey process, we have been compiling lists of additional research questions that will help us to understand better the opportunity and challenge of working in this area. We intend to distribute a second round of surveys targeting (but not limited to) small organizations that ask more detailed questions about satisfaction with current services and current costs.

We will also hold focus groups and conduct one-on-one interviews with small and midsize nonprofits that expressed interest in continuing the conversation.

And finally, to represent the breadth of needs within nonprofits, we will solicit responses from staff at all levels of organizations rather than just the leadership.

Our intent is to finish collecting data and produce a final report by November 2009.

Conclusion:

This preliminary report provides evidence – or *further* evidence – that nonprofits, especially start-ups and small-to-midsize organizations, have a range of currently unmet infrastructure and administrative needs. The depth and breadth of these infrastructure and administrative needs are different depending on specific organizational characteristics (e.g., size/budget/lifecycle stage, identity/constituency/population served, location/geography, or strategy/function).

We believe that most nonprofit organizations are frustrated with the high cost of services in the for-profit market, the quality and scope of affordable services, and the long-term sustainability difficulties of maintaining relationships with for-profit vendors that provide nonprofit discounts purely on a discretionary basis. For-profit vendors are also frustrated: while numerous for-profit vendors provide infrastructure support for nonprofits, most cannot do so sustainably at a cost that small nonprofits can afford.

Sampling a large enough number of small-to-midsize nonprofits to confirm these beliefs will be difficult without providing incentives for organizations to participate. According to *Nonprofits in Washington State: A Statistical Profile 2008 Update*,[2] "75% of the 24,450 charitable organizations that had been recognized by the IRS as of April 2008 recorded total revenues of $44,000 or less; 90% recorded revenues of less than $302,000." This might suggest we would not have any problems

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[2] Published by the Nancy Bell Evans Center on Nonprofits & Philanthropy at the University of Washington

finding start-up, small, and mid-size organizations to participate in this survey. Ironically, it was a considerable problem.

While these efforts will take additional resources and time to research, doing so, we believe, will be well worth the effort. It is clear from our survey that many nonprofits have substantial infrastructure challenges and are in need of assistance. Our deep hope is that those who are interested in supporting a stronger nonprofit sector – volunteers, staff, boards, funders, public-sector employees, and capacity builders – would be interested in providing community organizations with support to participate in this study as well as in future opportunities for infrastructure and administrative collaborations.

A final word on building capacity for nonprofit organizations: we suggest the possibility that 'growing' non-mission-related infrastructure for individual organizations to improve their individual sustainability, *in isolation*, may, in the long run, direct precious resources away from mission-related social change work. Instead, we would like to consider – and offer – the possibility of maintaining stable, sustainable collaborative resources that can be used in a just-in-time, on-demand fashion. Collaborative infrastructure support will strengthen the nonprofit sector and the individuals and communities in our society that are the ultimate stakeholders in our common vision to secure and sustain a more just and equitable world.

Appendix O: Creative Collaborations–Vision, Mission, & Values

Creative Collaborations believes the nonprofit sector is an incredibly valuable asset to our communities, and we would like to see the passion, energy, and resources brought into the work be sustained over time. We work creatively to make that happen by providing infrastructure support and identifying cross-sector and multi-organizational infrastructure and operational collaborations.

Vision

To support an equitable, enduring, and nurturing community empowered and embraced by strong, sustainable nonprofit and community organizations. We envision a world where

- Nonprofits spend **less time on infrastructure, operational, and logistical activities**, allowing them to use their resources to focus on their mission

- Nonprofits **maximize resources** toward staff development and fulfilling their mission, **increasing the impact of mission-related work**

- Nonprofits support **long-term employee growth**, increasing sustainability within the sector

- Nonprofits **build shared frameworks** and work together toward social change

Mission

To increase the capacity, sustainability, and impact of the nonprofit sector by supporting collaborations, sharing resources, and helping to reduce organizational costs through pooling administrative activities, thus freeing up staff and volunteer time to focus on their mission.

Values and Commitments

- We believe **learning and innovation** lead to personal, organizational, and societal growth. Therefore, we are committed *to fostering learning environments and environments in which innovation can flourish*

- We believe **collaboration at the intersections** is critical to achieving large-scale social change. Therefore, we are committed to *focusing our efforts* on our commonalities and *recognizing and managing differences*

- We believe the most **sustainable solutions to complex community issues** are solutions that **engage and empower those most affected** by the issues. Therefore, we are committed to *identifying, engaging, and serving self-selecting member organizations that are highly impacted and highly invested*

- We believe in a **progressive social change model** that integrates a power-privilege analysis, and that translates between the academic, activist, and entrepreneur. Therefore, we are committed *to employing tools and methods of facilitation that help us build and share knowledge*

Appendix P: Redefining Nonprofit Capacity Building

A number of factors affect individual nonprofit capacity, including but not limited to:

- **Mission & motivation** (strategic readiness, leadership promotion, team cohesiveness, roles and responsibilities, conflict management, risk management)
- **Access to resources** (material, financial, personnel-related, technological, informational)
- **Capability & skill sets** (expertise, training and tools, process)

What is nonprofit capacity building? In the nonprofit sector, much focus has been given to how to build capacity within an individual organization, and there are different understandings of what capacity is and how to go about building that capacity.

A simple definition of capacity is "the ability of nonprofit organizations to fulfill their missions in an effective manner." [3] This definition includes mission-orientation (mission & motivation), ability (access to resources), and effectiveness (capability & skill sets). It does not, however, include efficiency in its equation.

What led Creative Collaborations to conduct this survey is the search for efficiencies, but in a way that empowers nonprofit organizations and their staff to focus on their mission, innovation, and collective strength. From numerous conversations, we have confirmed that nonprofit leaders want to reduce their infrastructure and administrative overhead, and nonprofit staff want to apply their passion toward fulfilling their organization's mission and to build their skills in order to expand their career opportunities in the nonprofit sector.

Creative Collaborations sees organizational efficiency as a function of the mission-relatedness of any activity or task, the core competencies of the organization and its stakeholders, and the resulting gain or loss of capacity to the organization as a whole.

At the same time, focusing solely on maximizing the efficiency and effectiveness of one organization at a time creates *inefficiencies* in the sector, and in a social change movement. And that's why we focus on collaboration.

Capacity Building Activities

Capacity building efforts have thus far focused on a variety of areas, including:

- Increasing ability via expansion of the organization's revenue base/fundraising
- Increasing ability and effectiveness via expansion of skills (technology, organizing, governance) among staff, board, and volunteers
- Increasing effectiveness and mission orientation via strategic management
- Increasing ability and effectiveness via expansion of technology tools

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[3] Penelope McPhee and John Bare, Building Capacity in Nonprofit Organizations (2001)

More and more, funders are recognizing the importance of supporting efficient operations. One concept captured by the visual below is the importance of support activities, not only in advancing primary activities, but also in itself having social impact.
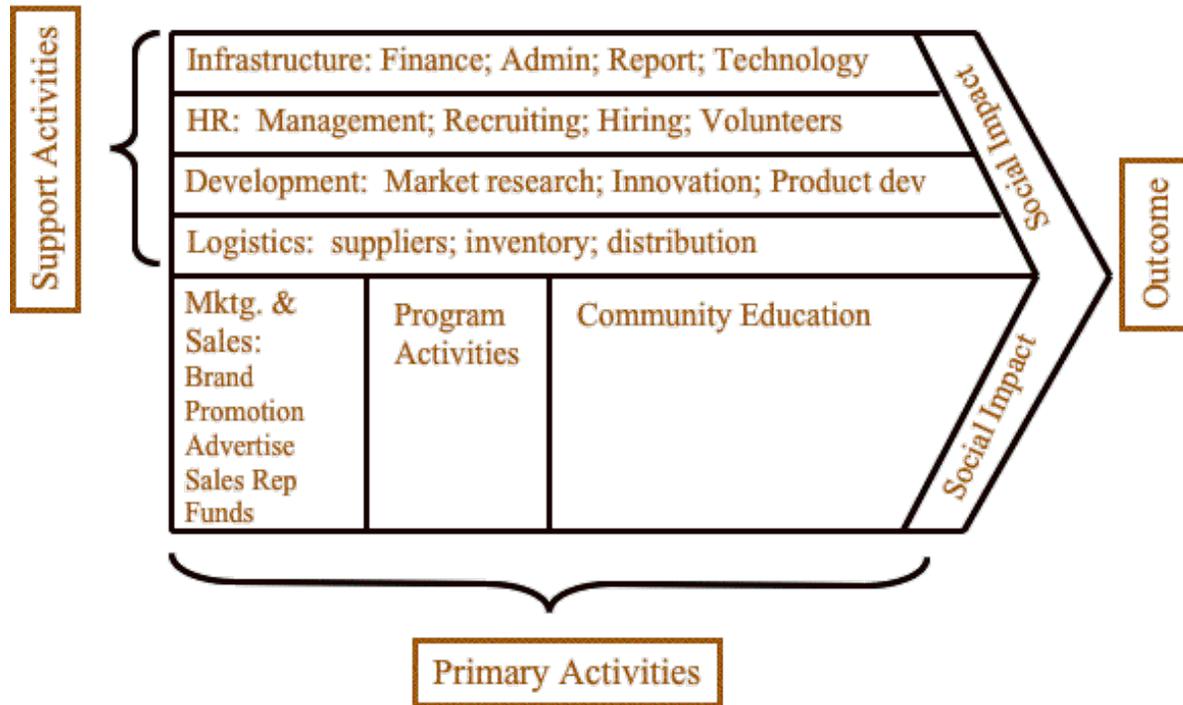
Visual provided by
Business Partners Plus. Inc

What this indicates to us is the need to think differently about capacity building. We envision a multi-faceted approach that addresses infrastructure capacity from multiple levels, roles, and perspectives, an approach that is dynamic and adaptable, and that provides individuals, communities, organizations, and movements different entry and exit points based on their passage through time.