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Research and Development

Association of Fundraising Professionals
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Four Canaries in the Coalmine: *Who Will Keep Singing?*



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Outline

- The Challenge
- Four Canaries
 - Canary Cutbacks
 - Canary Volunteers
 - Canary Cultivating Communities – the need for the Board to play an ever stronger role in fund raising
 - Canary CEOs – the need to work with CEOs on creating alignment between development and operations
- Marketing Needs and Opportunities
- Immediate Action Steps



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The Survey

- Background to survey:
 - Examined fundraising and programming, executive leadership (ED/CEO), and boards
- Your opportunity to see what it's all about:
 - ***Please fill out a survey***
 - If you are willing, we will add your survey to our analysis
 - We will review your agency's situation *pro bono* in person



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The Challenge



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Four Canaries: **Canary One** Cutbacks



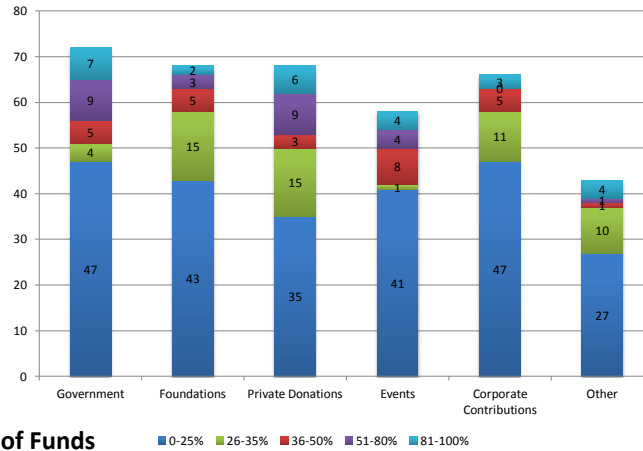
Canary Cutbacks

- Agencies struggle to maintain programs
- Staff cutbacks → employee dissatisfaction and stress
- Government funding may be cut by 50% (2012)
- 2012 funding will be challenged by increase of political contributions
- Most funding strategies are NOT diversified

Source: Nonprofit Times; Chronicle of Philanthropy



Sources of Funds



Sources of Funds

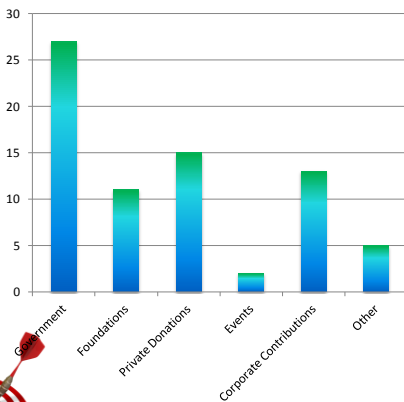
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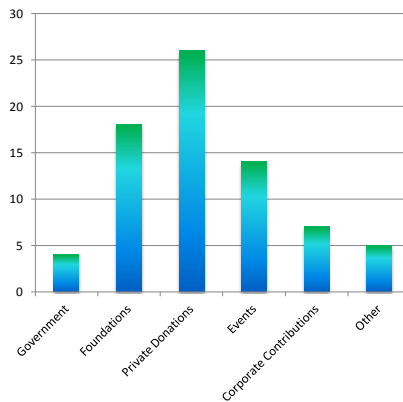


Funding Needs & Expectations

Funding at Risk



Expected Success Sources



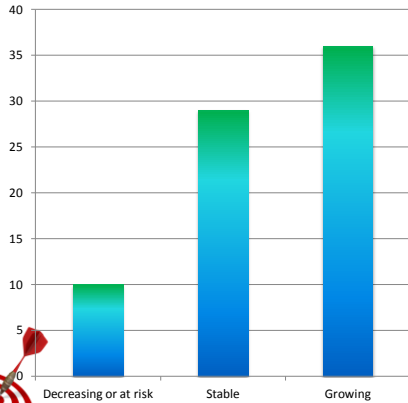
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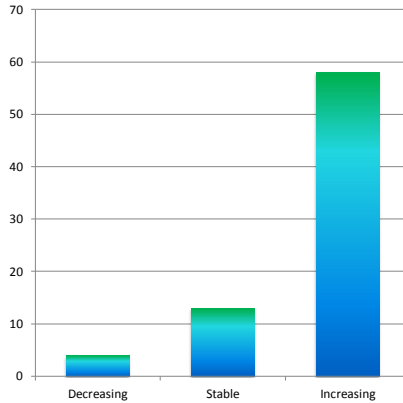


Programming

Status of Nonprofit



Demand for Services



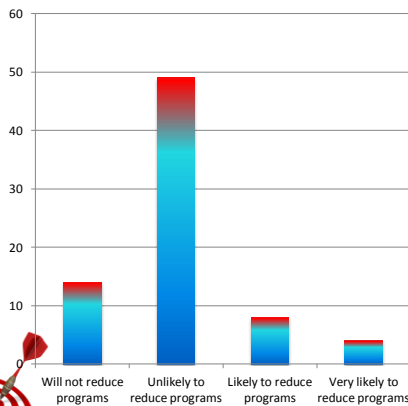
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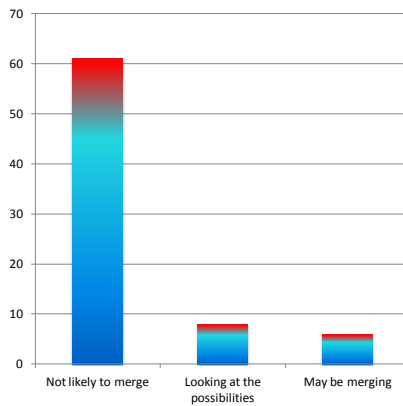


Programming

Status of Current Programs



Likelihood of Merging



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Key Summary Notes: Fundraising Blinders

- Agencies see:
 - An increased need for their services
 - A decrease in available funds
- Agencies do not see that they are likely to cut programs and service offerings, yet
 - Over 1/3 are relying on single source funding
 - Most expect individual donations to cover losses in other areas
- Donors (private individuals, foundations, corporations) will expect to see sustainability and business acumen to fund



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Four Canaries: **Canary Two** Volunteers



Canary Volunteers

- Volunteering is in-kind donation of time
- Volunteers do jobs that agencies would have to pay for (\$30/hour)
- Volunteers should have job descriptions and evaluations
- Volunteers should be part of a well-managed development strategy



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Nonprofits and Their Volunteers

- Only 14% of respondents saw lack of volunteer development as a direct threat
- None of the respondents saw volunteer management as a strength of their ED
- Over 26% of respondents saw volunteer management as a weakness of their ED



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Agency Volunteer Blinders

- Agencies do not see that they must manage their volunteers programs:
 - It's time to review, evaluate, and revise
- Failure to engage and manage volunteers can lead to:
 - Bad word of mouth
 - Lost pipeline of donations
 - Loss of future volunteer base
 - Loss of future leadership



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Four Canaries: Canary Three Boards



Canary Cultivated Communities: Board reality check

- Boards serve agencies by providing governance, oversight, and direction
- Most board members serve because they believe in the cause and want to help
- Many board members do not fully understand their responsibilities
- Many board members do not fully understand the liabilities that go with serving



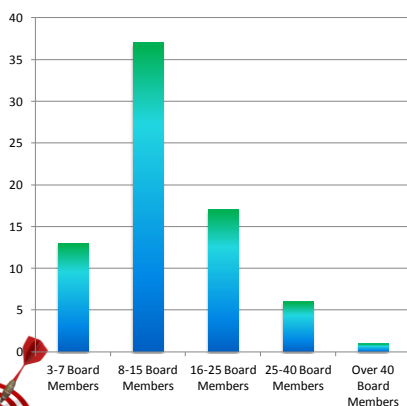
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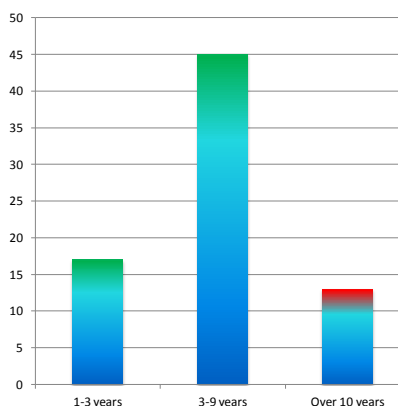


Board Composition

Size of Board



Average Board Member Tenure



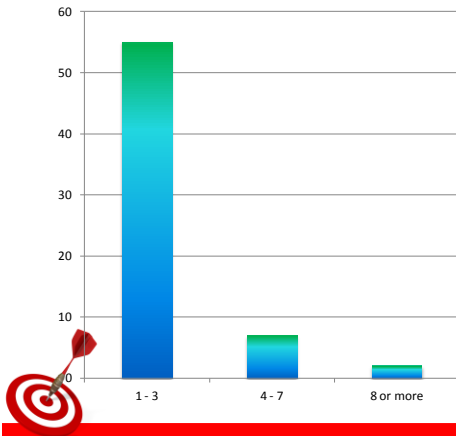
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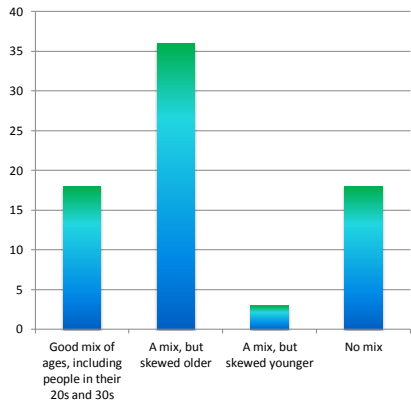


Board Composition

Number of Board Members Replaced Annually



Age Range of Board Members



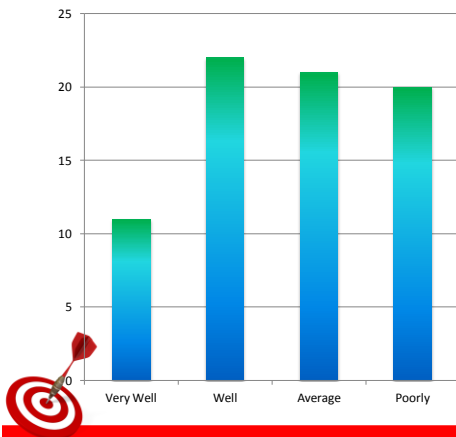
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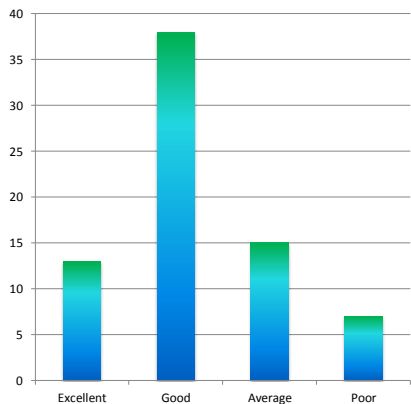


Board Composition

Board Reflecting Community Served



Skill Level of Board to Accomplish Mission

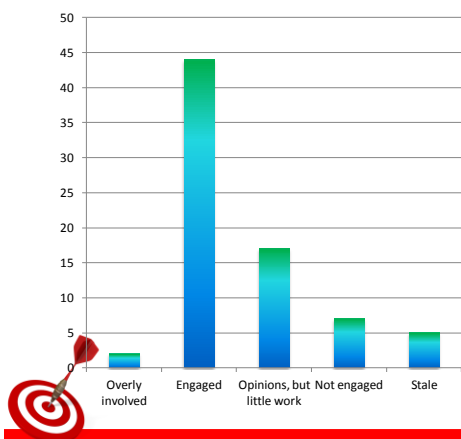


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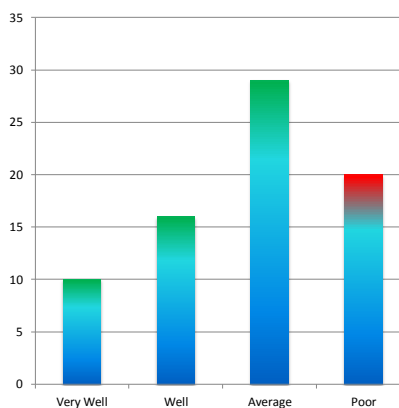
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Board Activism

Board Engagement



Board Donations



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Board Development Blinders

- Most Board members are engaged, but **do not** provide enough financial support by way of individual donations (give or get)
- Boards **need** education to improve their ability to serve their organizations so that they can improve to a level of Excellent and be part of funding cultures



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Four Canaries: Canary Four CEO's/Executive Directors



Canary CEOs: Reality Check

- CEOs are highly educated and driven by social change
- CEOs are aging and the pipeline of “replacement” CEOs is limited
- Most Executive Directors feel underpaid and overworked



Source: Compasspoint.org

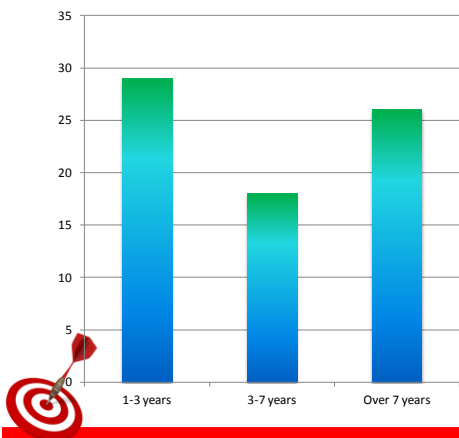
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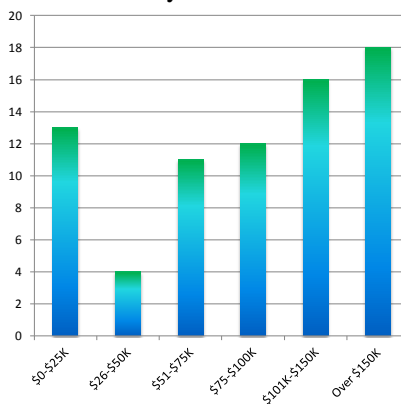


Executive Director Characteristics

Executive Director/CEO Tenure



Executive Director/CEO Annual Salary



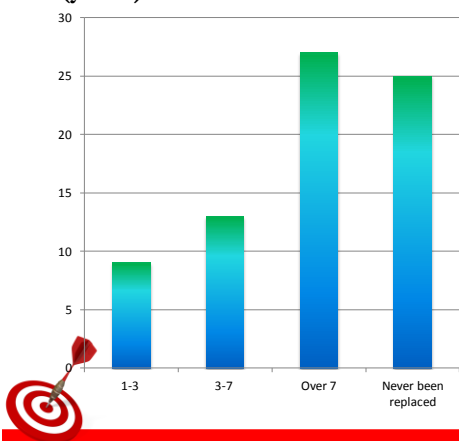
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Executive Leadership Characteristics

Frequency of Replacement (years)



Succession Hand-off



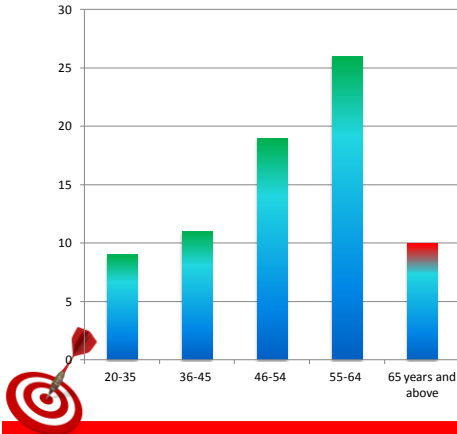
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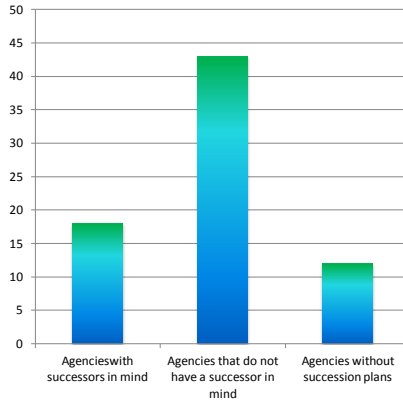


Executive Leadership Succession

Executive Director/CEO Age



Succession Planning



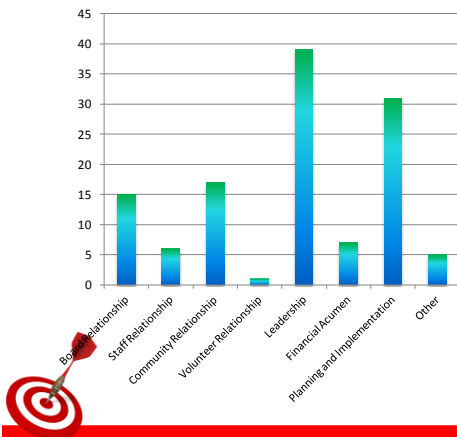
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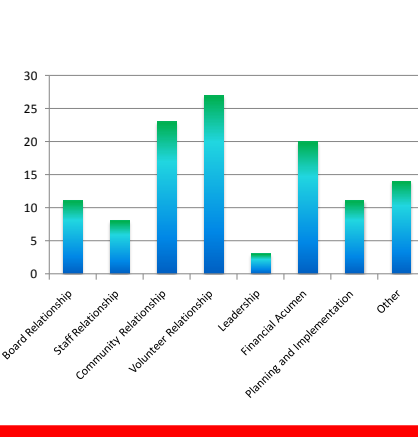


Executive Director Strengths & Weaknesses

Strengths



Weaknesses

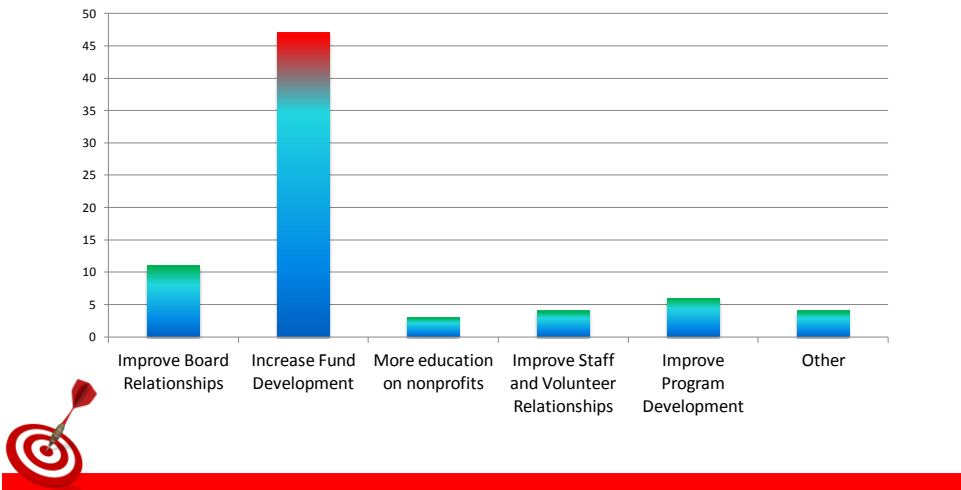


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Executive Director/CEO Challenges for Year Ahead



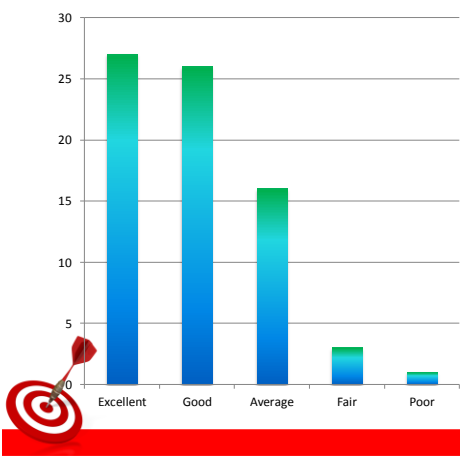
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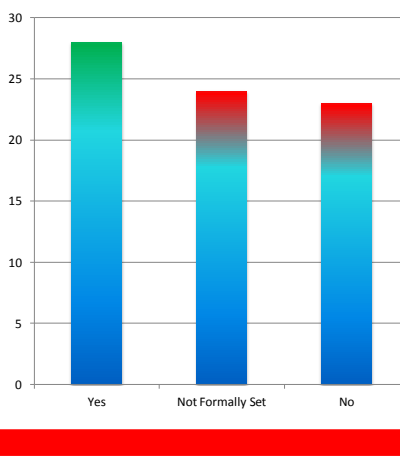
Executive Directors & Board Alignment

Perceived Alignment



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Nonprofits with ED/CEO Performance Goals



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Executive Director Blinders

- Deep institutional knowledge and experience is at risk because no succession plans are in place—expensive to replace
- The most important challenge is fundraising
- EDs and Boards may not be as aligned as they think



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Case History – Recent Events

Los Angeles Times



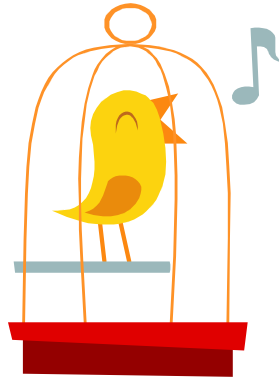
The New York Times



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Recommendations



Keep Our Canaries Singing



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Mini Strategic Overview

- Survey **STAKEHOLDERS**
- Focus on the **CAUSE**
- Know and Show what **WORKS**
- Make it **PERSONAL**
- Present long term **SUSTAINABILITY**



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Overall Recommendations - Goals

Fundraising

- Fund raising must be spread among many sectors
- Institutional fundraising education is essential
- Build a compelling case for the cause
- Boards must be the drivers behind fundraising.



Additional Goals

- Education and funding training for everyone
- Volunteer must meet the needs of expanding demand for funds.
- Expand diversification of funding forms and sources.
- Know what medium to use to reach target donors.

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Getting There: Focus on Expanding What Works

Short Term (1-3 months)

- Satisfaction assessment among key donors, board members and volunteers
- Strategic planning involving the entire organization
- In-depth analysis of the fund development infrastructure
- Audit of agency resources
- Create a strategy for personal outreach to current and alumni donors
- Review volunteer tasks and hourly needs for funding efforts



Mid Range (3-6 months)

- Review and establish a Volunteer
- Evaluating opportunities for **social entrepreneurship**
- Establish and implement new funding strategies, including diversification and microfunding (**crowdfunding**, text donations)
- Create teams with specific and written authorities and responsibilities,
- Definition of success, articulate strategy for achieving success

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Getting There

Long Term (6 months – 1 year)

- Tracking and reporting of goals
- Assessment of current donors and contributors as to the emotional and financial
- Develop a systemic donor/contributor relations management program
- **Focus on creating a fundraising culture throughout the agency**



It's a tricky and long road



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Outcomes

- Business minded charities that can successfully compete for funding
- Increased ability to accomplish mission
- Positioning for long-term sustainability
- Continued service to the community
- Everyone needs to work together



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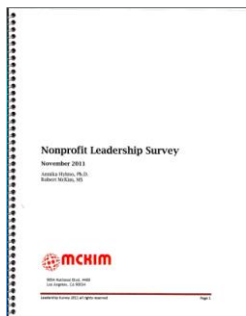


<http://www.mckimconsulting.com/np-leadership-survey/>



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THANK YOU!

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Canary Cutbacks: Fundraising & Programming



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