



## **Sustainability Self-Assessment**

**January 2005**

**Sustainability: Proactive management of the assets and resources of an organization to ensure long-term ability to meet its mission.**

More and more often, funders are requiring sustainability plans as part of proposals for funding. True sustainability is not simply about continuing to offer programs or preserving a nonprofit's existence. True sustainability comes from proactively managing of all assets and resources – not just financial resources – towards meeting the organization's mission.

To help you assess your nonprofit's current status and plan next steps to improve sustainability, this self-assessment is organized into several sections:

- Sustainability Planning
- Fundraising & Other Support
- Staffing & Succession Planning
- Board Development
- Evaluation & Assessment
- Community Connections
- Continuation



# **Sustainability Planning**

A sustainability plan has four major elements:

- **GOALS:** Long-term goals for meeting your mission through programs and services, and specific plans for how to achieve those goals.
- **ENVIRONMENTAL FACTORS:** Issues that may affect your ability to achieve those goals and meet its mission.
- **BACKUP PLAN:** What you will do to continue meeting your mission in the event of a financial crisis.
- **CASH RESERVE:** If the nonprofit doesn't have a three month cash reserve, you need a plan for getting there.

## **Goals**

Regular reviews of long-term goals are important. If your nonprofit wants to be around and doing good work in three, five, or twenty years, the actions you take today must be directed towards specific goals that meet the nonprofit's mission.

A regular review of goals also makes it easier to take advantage of new opportunities. It's a challenge to stay flexible, agile, and open – but a periodic “check-in” helps highlight emerging opportunities that might be missed as the organization goes about its day to day business.

Make sure that each goal listed clearly relates to the mission (the "why") and that concrete tasks are listed that will lead to accomplishing the goals (the "how").

## **Environmental Factors**

Environmental factors range from concrete factors to more intangible issues. Even if you can't predict what will happen, the important thing is to get these factors on your radar screen and monitor them regularly.

Examples of concrete factors:

- Whether your lease is secure.
- The ages and conditions of your office equipment, including computers, and the market cost to replace them.
- The likelihood of any contracts with outside organizations being renewed.

Examples of intangible factors:

- Community strengths and needs changing with time.
- Changes in your traditional client base.

- Social and political trends that may affect donors' desire to support your organization.
- Economic trends that may impact funders' ability to continue donating.
- Other events that may influence how external stakeholders view your organization, such as news stories about the nonprofit sector in general or about your issue area.

You can keep up with these factors in a variety of ways – by subscribing to print publications and electronic newsletters, by networking with other nonprofits in your area, and by communicating regularly with supporters and stakeholders.

## Backup Plan

To continue in the event of a financial crisis, nonprofits must be realistic and detailed about their baseline financial needs. This isn't just about creating a budget – though a budget is essential for good financial management. Planning for sustainability goes one step further than the budget and asks the following questions:

- Which of your current activities are essential to your mission?
- How much do those activities cost?

There is no formula for deciding which activities are considered essential, so it's important for input to come from a wide range of stakeholders. Make it clear in these conversations that just because something is decided to be "non-essential" does not mean it will be cut!

Defining a cost for the essential activities should include both direct costs of those activities and the overhead costs – lights, phone service, etc. – that would be required to sustain these activities.

The end result of this process is a plan for what you will prioritize if there's a funding crisis and a dollar figure that represents what the nonprofit needs to stay in the business of meeting its mission.

## Cash Reserve

Ideally, the nonprofit should also have a 3-month cash reserve. If you don't have a three month cash reserve, now is the time to make a plan for getting there. The cash reserve is not only a cushion for unexpected financial downturns, but it can also be a start-up fund to launch new initiatives, support major planning efforts or market research, or provide critical funds when grant payments are delayed.

## Which of these describes your nonprofit?

You have a plan that lays out the nonprofit's mission, its long-term goals, and specific steps to accomplish those goals.

- You have developed a list of key environmental factors that may influence the nonprofit's ability to meet its mission, and a plan for monitoring these factors.
- A backup plan clearly identifies which activities are considered essential to your mission, and how much those activities cost.
- You have a three month cash reserve – or a plan for developing a cash reserve.
- There is a regular review schedule for updating the sustainability plan.

## **Fundraising & Other Support**

Most nonprofits survive on donated funds, so sustainable nonprofits use diverse strategies to strengthen their fundraising position. They also seek out diverse sources of income. In addition, sustainable nonprofits cultivate resources other than cash donations. Volunteer hours, internships, in-kind donations, discounted goods and services, and other resources extend the ability of a nonprofit to meet its mission.

### **Strengthening Position**

- Costs for evaluation of programs are a normal part of doing business, not an extra. These costs should be built into grant funding requests. That way, good data is generated to improve your ability to meet your mission and also to support future funding requests.
- Getting feedback from potential funders and supporters that turn down a request – from individuals to major foundations – means a better chance of success in the future.
- To build a relationship and encourage future support, show appreciation to funders and supporters, keep them informed of the organization’s success, and help them feel like part of the team.
- Partnerships with other organizations can create opportunities for additional funding and resources.

### **Diverse Sources of Income**

Diversity means pursuing donors of all types, from all income and giving levels. Don't ignore individuals and organizations who consistently give small amounts in favor of pursuing only high-dollar donors – over time, small donations add up!

Funding diversity also means exploring ways of fundraising outside of traditional grants and donations. Possibilities include:

- funders that everyone in your community isn't already pursuing
- fundraising events
- fee-for-service activities
- membership fees/dues
- selling products
- securing an endowment
- acquiring tax revenues or dedicated government fees
- creating a for-profit corporation to support the nonprofit
- using third-party fundraising services
- having another organization or agency include one of your programs in its budget

### **Non-Cash Support**

Whenever a nonprofit can get something for free that it would have had to pay for, cash is freed up and resources are increased. This includes donations of labor (volunteers) as well as

goods. Include targets for in-kind donations in the nonprofit's budget, and hold the organization accountable for meeting those targets.

Success in securing non-cash resources also strengthens your fundraising position, by showing that the organization is trying to use resources wisely.

### Donated Labor

Donated labor – such as volunteer hours, internships, class projects that solve a problem for your nonprofit, or even high-cost consulting or professional services – can free up staff time or allow you to tackle projects that otherwise would have been passed up. It also signals community support for your nonprofit.

There is a rich literature on volunteer management, and it all points to one thing: volunteers must be proactively managed. Knowledgeable, experienced volunteers can be a major asset, but they don't just show up that way. So even if you don't have a Volunteer Coordinator staff position, make sure that each volunteer has a designated staff contact who can help them be effective. And invest some organizational time in learning about volunteer management. It's worth the effort!

### Donated and Discounted Goods

Good can be donated outright – refreshments for a special event, office supplies – or a nonprofit may receive a discount on items such as software, office space, or printing. Donors of these items should receive just as much thanks and recognition as cash donors, to encourage them to donate again in the future.

Also, make sure that records are kept of all cost savings achieved through donations and discounts on goods. Report these donations just as you would grants or proceeds from fundraising events!

## **Which of these describes your nonprofit?**

- Evaluation costs are included in grant proposals.
- You have documents that highlight the results of program evaluations, in a format that's easy to share with potential funders.
- You routinely solicit feedback from funders when grant requests are rejected.
- Income is from diverse sources, including non-grant funding.
- The annual budget has targets for non-cash support.
- You actively recruit volunteers.

- You proactively manage volunteers – whether by assigning specific staff as contacts for individual volunteers or having a designated Volunteer Coordinator.
- Non-cash donations are pursued as aggressively as cash donations.
- Donors, volunteers, and other supporters receive regular communication from your organization that thanks them for being part of the team.

## **Staffing & Succession Planning**

Sustainable nonprofits treat their staff members as resources to be cultivated and retained. This includes all levels of staff, from administrative to executive director. However, sustainable nonprofits also plan for the eventuality of staff departures, including leadership changes.

### **Staff Retention**

A staff retention strategy includes not just pay (or pizza parties!), but benefits, recognition for achievement, and clear communication about how that staff member's work contributes to the success of the nonprofit and its mission. To assess whether your staff is motivated to stick by the organization, consider the following questions:

- Does the combination of pay and benefits offered roughly match what is offered by other nonprofits for similar positions? Is it a "living wage"?
- Are staff thanked for their contributions, both on a day to day basis and more formally at Board meetings, special events, etc.?
- Do non-program staff get feedback about how their efforts help meet the nonprofit's goals and help the community?
- Do staff seem to be having fun at their jobs, including enjoying their interactions with coworkers?

Nonprofits also have to make sure that staff aren't chronically overstressed. It is far more beneficial for a nonprofit organization to retain a staff person over time, benefiting from their developing skills and knowledge, than to extract higher levels of productivity from that staff member for a few months or years.

This problem can be particularly acute in nonprofit organizations, where many employees are working in the sector because of their dedication to the issue and the community they serve. Leaders in the organization can do a lot to create an organizational culture that encourages self-care rather than martyrdom.

### **Professional Development**

Increasing staff skills through training and professional development opportunities can make a nonprofit more flexible and efficient.

Even if your nonprofit doesn't have a large professional development budget, you can always create opportunities for your staff by allowing them time to attend free or low-cost seminars, purchasing a book on a topic they would like to study, or simply allowing them extra time to "try out" a new skill or learn from a co-worker during their normal work week. You could also try thinking creatively, like proposing a "staff exchange" program with another organization where one or two staff people visit each other's organization and then report back on what they could learn from each other.

## Preparing for Turnover

For all levels of staff, you also should be sure that key knowledge doesn't walk out the door when a staff person moves on – or is suddenly no longer available to the organization due to illness, family responsibilities, winning the lottery, etc. For example, fundraising records should include notes on where the relationships with potential funders stand – rather than relying on the development staff's memories of conversations. IT documentation should include the contact information for all vendors and service providers, as well as basic instructions for common tasks – rather than relying on the computer wizard in the organization.

It may seem like there's never enough time to do "extra" work, but unless you can afford to lose weeks while existing or new staff get oriented to new duties, it's worth the effort.

## Succession Planning

Executive Directors, senior staff, and other key positions in the organization are critical to the success of a nonprofit. EDs and senior staff are often the public face of an organization to major donors and other community leaders, and they communicate the organization's mission and vision to staff. They and other key staff may also be responsible for compliance with legal and funding requirements that could place the organization in jeopardy if not met.

To ensure that your nonprofit doesn't stumble when a key leader leaves, make sure that many parts of your organization regularly interface with key donors and decision makers – not just one person. In the event of a leadership change, other staff and Board members should be asked to help introduce new leadership to current contacts.

You may also want to convene a meeting of Board member, the ED, and senior staff to develop at least a rough plan for what would happen if any "key staff" were to become unavailable. This might include identifying vendors who would need to be contacted, documenting where information about upcoming deadlines would be located, and identifying which staff members could take over certain functions on a temporary basis.

## Which of these describes your nonprofit?

- Staff pay and benefits are benchmarked against salary surveys, or informally through conversation among similar organizations.
- Recognition for staff contributions is given regularly, in both formal and informal ways.
- Staff are regularly given the opportunity to pursue training opportunities.
- Databases, instructions, and other records are complete and updated sufficiently that staff members unfamiliar with the area or task could step in and complete at least the basic tasks.

Staff and Board members other than the Executive Director and the Board president are known to major funders, partners, decision makers, and other community connections.

Senior staff and Board members have discussed "emergency procedures" in case of key staff departures.

## **Board Development**

Just as with staff, Board members are a resource to be nurtured. Sustainable nonprofits encourage full participation by Board members and find ways to increase the Board's effectiveness. Board members have an additional role to play, which directly impacts financial sustainability: fundraising.

### **Participation**

The first step towards encouraging more participation by the Board is to recruit members who want to be active. Consider recruiting Board members by looking for specific skills or by publicizing specific projects that need Board members' input. You can also involve potential Board members as committee members so they can get to know the organization – and so the organization can get to know their style.

Next, orient and train new Board members. This means more than handing over a Board manual – take time to talk with new members about the history of the Board, how meetings traditionally work, and the current organizational structure.

### **Effectiveness**

Every Board is a different mix of personalities and has different challenges, but here are some ideas for helping Boards be more motivated:

- Provide Board development time at every meeting.
- Create a Board self-improvement committee to explore how the Board can work better together.
- Don't waste Board members' time – if there isn't any work to do at a scheduled meeting, cancel the meeting.
- Give Board members something to learn. This could be a new trend in the issue area, a short case study of a similar organization in another location, or developments in the community that the Board may not yet be aware of.
- Provide interesting packets ahead of Board meetings, so Board members are excited about coming to the meeting. In addition to advance materials about the meeting, you might include a short article or opinion piece from the newspaper for discussion.

You could also consider alternate Board organizational models, such as temporary ad hoc committees or a "Seasonal Board," to maximize opportunities for Board members to be involved. A Seasonal Board model involves shorter commitment but greater involvement, with a quarterly change of 5-7 people who have full Board responsibility during one season.

### **Fundraising**

Your Board members should help raise money for your nonprofit. If current Board members are uncomfortable directly asking people for donations, they may need some coaching or role-playing that helps them find a style that works for them.

There are also other ways Board members can help fundraise:

- Provide lists of personal and business contacts to whom the nonprofit can send letters or holiday cards asking for support – and co-sign the letters!
- At their next birthday or holiday party, ask for donations to the nonprofit rather than presents or host/hostess gifts.
- Offer their home, if appropriate, for an "Open House" in honor of the nonprofit.
- Identifying corporate and foundation connections they already have for use in making grant requests.

Future Board members should be recruited with the fundraising task in mind. It's not just wealthy folks with connections who make good fundraisers – even people of moderate means can use their networks and their powers of persuasion to help support the nonprofit.

### **Which of these describes your nonprofit?**

- Board members are recruited for specific skills they bring to the organization.
- There is a formal orientation process for new Board members.
- Potential Board members are asked to participate on committees so they and the Board can get to know each other.
- The Board takes time on a regular basis to think about ways to improve its performance and the experience of Board members.
- Board members' time is used thoughtfully.
- Board members feel they are learning by being a part of the nonprofit.
- Board members are directly involved in fundraising.

## **Evaluation & Assessment**

The sustainable nonprofit is in the business of meeting its mission in the long run. To truly meet a nonprofit's mission, though, requires more than just performing the same actions over and over again. Nonprofits have to know whether their services are making a difference, and whether the organization is capable of continuing to provide those services as it currently stands. This requires regular evaluation of programs and services as well as assessment of the nonprofit itself.

### **Program Evaluation**

Program evaluation means more than counting the units of service you delivered – clients served, trash picked up, or educational materials distributed. It means asking questions to determine how those services affected quality of life for people and the community.

### **Organizational Assessment**

True organizational assessment requires honesty, and willingness to hear negative feedback as well as positive comments.

Consider a 360 Review, which asks for feedback on the Board, staff, and programs from all directions.

### **Which of these describes your nonprofit?**

- Programs and services are regularly evaluated.
- You have documents that highlight the results of these evaluations, in a format that's easy to share with stakeholders.
- There is a regular schedule for Board and staff to assess how well the organization is meeting its mission.

## **Community Connections**

Sustainable nonprofits know that building a sense of ownership and positive regard in the community makes them more likely to survive when times are tough.

### **Connections with Other Organizations**

Nonprofits are most effective when they work with mission-supportive partners. These connections enable you to know what's going on around you, to rely on synergies to get things done, and to validate your work. Have staff and board leaders participate in voluntary associations and civic groups, and encourage partnership at all levels. These partnerships help you get your work done, and they can also generate additional possibilities for funding and support.

It can be difficult sometimes to see similar organizations as collaborators and not competitors for funding, but sustainable nonprofits understand the value of working themselves into the fabric of the community. The more your organization is seen as a regular part of the landscape by other organizations and agencies, the more your continuing presence will be taken into account by those actors when planning services and soliciting funding.

### **Public Awareness and Support**

There's no substitute for communication when it comes to building public awareness and support for your nonprofit and its services. So celebrate and advertise your success! Here are some ideas:

- Send out a monthly or quarterly newsletter, even if it's just an email with a few updates.
- A couple of times a year, ask the people who receive your newsletter to share it with a friend or co-worker.
- Use volunteers as ambassadors – ask a volunteer to accompany you the next time you're speaking at an event, so they can add their thoughts about the organization and its services.
- Develop a "Speaker's Bureau" from staff, volunteers, and clients of your organization. Let other organizations, groups, and schools know that you have speakers available to talk about your issue at their meetings.
- Submit items to your local newspaper's Community Calendar section.
- Make sure that your website is linked from websites in and about your community and your issue.
- Hold an Open House or party to celebrate your organization's birthday, anniversary, a special accomplishment, or a holiday. Ask invited guests to bring someone who doesn't already know about the organization.

### **Connections with Policy Makers**

Nonprofits who aren't in the policy change business may not always see the importance of building relationships with city council members, country judges, and legislators. But even if you don't think of your organization as political, the decisions made by elected representatives affect your issue and your community every day. It's important for these folks to know what you need, and sustainable nonprofits know that it's also important to have allies and champions with a connection to your organization and your work. Here are some examples of how you can create connections with policy makers:

- Add the policy maker's office to your newsletter or mailing list. Send the first edition with a personal note, introducing the organization and thanking the policy maker for their service to the community.
- Schedule an appointment with the policy maker, and pay them a personal visit to share information about your nonprofit and let them know what you do.
- Invite the policy maker to a special event, such as the opening of a new location, a holiday celebration, or a tour of your facility in conjunction with a national "Day of" or "Week of" observance. Make sure to mention it if you're expect media coverage!
- Keep an eye on what your policy maker is doing, and send them a thank you card when they do something that's good for your issue or your community. Policy makers constantly receive complaints about their decisions – a message of thanks is sure to make an impact!

Having a policy maker on your side can make a difference when your organization needs funding, influence, or a show of confidence from community leaders. Policy makers are always in need of experts they can turn to when an issue comes up that they don't know much about, so keep in mind that you have much to offer them!

### **Which of these describes your nonprofit?**

- Staff and Board members participate in collaboratives, partnerships, and civic groups – making sure to talk about their connection with your nonprofit!
- You regularly communicate with donors, supporters, volunteers, other organizations, and interested community members via newsletter or email.
- Volunteers are involved in helping publicize and promote your nonprofit.
- Your website is listed on many other websites that discuss your community and your issue.
- Staff and Board members communicate regularly with policy makers.

## **Organizational Continuation**

When will you know that your nonprofit's work is done?

After all, nonprofit organizations are formed to address social needs, not as ends in themselves. There may come a point when a nonprofit's initial mission and services are no longer as relevant as they were at the beginning, for a variety of reasons:

- Your nonprofit may have been formed to address an issue that has now been successfully addressed. In this case, you can choose to disband or to take your assets in a new direction.
- Your nonprofit may have expanded its programs to the point where your work can be better accomplished by giving your program to a different organization.
- Your client base or service demands may have changed so drastically that your method of meeting community needs no longer produces the results that you expect.
- Your funding climate or the political or social climate may have changed so much that the only way to stay in business is to totally transform your mission – such as moving from teaching the arts in schools to operating an arts workshop for retirees.

Especially at significant transitions in the organization's life, think about whether "staying in business" is the best solution for your clients, your mission, your staff, your donors, and the community.

### **Which of these describes your nonprofit?**

- A clear relationship has been established between your mission and your current activities.
- Staff and Board members know which other organizations – nonprofits and others – are carrying on similar activities in the community.
- A formal system is in place to monitor community needs and satisfaction with your services.
- Staff keep tabs on funding and other trends in your issue area.