



BRINGING RECOVERY SUPPORTS TO SCALE
Technical Assistance Center Strategy (BRSS TACS)

IDENTIFY AND IMPLEMENT BEST BUSINESS PRACTICES TECHNICAL ASSISTANCE FOR STATEWIDE NETWORKS





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INTRODUCTION

WELCOME STATEWIDE CONSUMER AND FAMILY NETWORK LEADERS

Growing and sustaining the important and valuable work occurring within your organization can be challenging in the best of times. As organizations look to develop new strategies and approaches for providing and sustaining services and supports in a rapidly changing landscape, the need for accurate and relevant resources and technical assistance to support those efforts becomes a critical component in increasing your success and sustainability.

In order to remain viable, productive organizations and increase the organization's capacity and sustainability to deliver services and supports, one must also develop skilled leadership, adopt best business practices and strive to build pillars of support that transcend dependence upon a single source or limited sources of funding.

Take 13 minutes to watch the following [TED Talk by Chris Grundner](#). Mr. Grundner started a nonprofit after his wife died at an early age of a brain tumor diagnosed too late to save her. *Modern Nonprofit Board Governance—Passion Is Not Enough!* focuses on the board of directors, but applies to all nonprofit leadership.

We don't intend this technical assistance (TA) package as a thorough tutorial on best business practices, but simply to focus on three important areas most relevant to statewide networks to help ensure they are prepared to move into the future positioned to maximize their success and longterm viability.

- Do you know precisely where you are and where you are going?
- Do you know how to maximize your board's performance to help grow and sustain the organization?
- Do you know how to finance your future activities?

Strong Sustainable Statewide Network



Here are some brief testimonies from your peer leaders:

"As Executive Director of Montana's Peer Network, the greatest thing I have done to achieve our mission was *shift my thinking* to that of a businessman. That means fund diversity, infrastructure building, legacy planning, short and long term goal setting. It's not all about today; it's about being around in the future."

—Jim Hajny, Montana Peer Network

"Years of putting most of our organizational energy into our work with families left us in the position of not being able to see a path toward sustaining that work as time-limited grants were sunsetting. We requested and received assistance and developed a three-year strategic plan that guided us to *develop the organizational infrastructure*—board capacity, financial plan, communications and data to describe our work and its impact—necessary for long-term survival. We are now in a stronger position to pursue our mission to support Maryland's families."

—Jane Plapinger, Executive Director, Maryland Coalition of Families

"Being strategic and creating best business practices is essential in today's financial and political landscape. Your existence depends on it. Developing a strong business model and making sure business practices are a part of everyday conservation at your agency will ensure your company prospers."

—Anthony Fox, President and CEO, Tennessee Mental Health Consumers' Association

"Being truly "strategic" about planning has benefitted our organization by ensuring that our organization will function regardless of who is at the helm and throughout fluctuating funding opportunities. Focusing on our core mission, defining staff and board roles, and refining and adhering to solid policies and procedures has allowed us to better target our work and communicate with our partners. The "sweat equity" we put in *planning has paid off*, not only organizational sustainability, but also in relationship building."

—Michelle Hienen, Executive Director UPLIFT, Wyoming

HOW TO USE THIS PACKAGE

These are three interdependent spheres of organizational infrastructure. For example, a well-developed strategic plan requires an engaged board and a realistic financial plan. One of these areas cannot fully function without attention to the other two.

We start with strategic planning, move to board engagement, and then go on to financial planning. Each section focuses on overall growth and sustainability. Each section includes a series of questions that will lead you to identify potential strengthening opportunities in your organization. They all include links to resources and how-to instructions. If you complete a section and feel you need more personalized help, contact one of your TA providers.



STRATEGIC PLANNING FOR SUSTAINABILITY

KNOW WHERE YOU ARE AND WHERE YOU'RE GOING

A strategic plan is like a map to get you from where you are today (Point A) to where you want to be in the future (Point B).



This chapter identifies six common pitfalls and gives you tips on how to avoid them so that **your strategic planning leads to sustainability**.



You may feel attention to organizational infrastructure detracts from your mission and robs you of time needed to address the plethora of needs in your state. But the health of your organization is essential to your ability to keep doing what you do.

SECTION ONE. Has your board fully engaged in developing, implementing, and monitoring the strategic plan?

Consider This

The board is responsible to, at least, make certain the organization uses its resources to achieve the mission, to help guide the organization into the future, and to supervise and support the executive staff.

In order to fulfill these responsibilities, they must participate in

- developing the strategic plan by using their knowledge, perspectives, and expertise to help make decisions about which goals to prioritize and how to fully fund each one;
- implementing the strategic plan by ensuring adequate resources are available; and
- monitoring the strategic plan by regularly reviewing the progress of each goal.

If you need more information on the roles and responsibilities of the board

- see more in [Engaging A Board Supports Growth and Sustainability](#)
- [contact BRSS TACS](#) for technical assistance, or
- contact your state association. You can find them through this interactive link: <https://www.councilofnonprofits.org/find-your-state-association>.

So, has your board fully engaged in developing, implementing, and monitoring the strategic plan?

- Yes: proceed to [Section Two. Did you start with a good understanding of where your organization is today \(Point A\)?](#)
- No: review the resources in this section

Resources

- ✓ “**Strategic Planning: Where to Involve Your Board**” is a short two-part blog post that will provide more food for thought.
 - <http://www.ceffect.com/2013/05/21/strategic-planning-involve-your-board-part-1>
 - <http://www.ceffect.com/2013/05/28/strategic-planning-involving-your-board-part-2>

- ✓ ***Engaging the Board in Strategic Planning*** (2007) is an in-depth white paper by the Governance Institute. It focuses on healthcare organizations with complex infrastructures but includes a lot of information about variations in the degree of involvement, strategies for involvement, and other methods for engaging the board.



WARNING

Do not skimp on this step. Be brutally honest about your organization's capacity and your competition. Do not assume you are the only ones that can do this work or that no one else will compete with you. And do not assume that just because your work is the "right thing to do" it will continue to have support.

SECTION TWO. Did you start with a good understanding of where your organization is today (Point A)?

Consider This

To successfully reach your destination, you need to know what you have to work with and what is happening around you that might impact your journey. You might think of it as you would a road trip. Do you have car that can go that far? Does it hold enough people and their luggage? Do you have money for gas, food, and lodging? Are there gas stations along the way? What about available motels? Are there any road closures or stormy weather to work around? You need to start with a thorough understanding of where your organization is today.

So, did you start with a good understanding of where your organization is today (Point A)?

- Yes: proceed to [Section Three. Do you have up-to-date mission and vision statements \(Point B\)?](#)
- No: review the resources in this section

Resources

Two popular tools used to inform this important assessment are the strength, weaknesses, opportunities, and threats (SWOT) analysis and the stakeholder analysis.

The **stakeholder analysis** is a process to help you identify every person or group of people who either potentially have influence over your organization (e.g., policy makers or funders) or whom your organization impacts (e.g., peers, youth, and families) and how they fit into your long-term plans.

- ✓ ["The Value of Stakeholder Analysis in Strategic Planning Process for Nonprofit Organizations"](#) is a blog post found at the Maryland Nonprofit website.
- ✓ ["Stakeholder Analysis: Winning Support for Your Projects"](#) is a short article that outlines the steps for a project, but you can think about using the same process for your overall organization.

The **SWOT analysis** is a process to help you identify organizational strengths and weaknesses as well as opportunities and threats coming from outside your organization.

- ✓ ["SWOT Analysis: How to perform one for your organization"](#) is a short video that demonstrates the steps in this process.
- ✓ ["What is a SWOT Analysis?"](#) is an article that explains the point of the SWOT, how to conduct one, questions to ask, and how to translate it into strategies. This link also includes a free download guidebook and a short how-to video.

If you need more information on how to assess your current status

- Contact your technical assistance provider or
- Contact your state association. You can find them through this interactive link: <https://www.councilofnonprofits.org/find-your-state-association>.

SECTION THREE. Do you have up-to-date mission and vision statements (Point B)?

Consider This

At the very least, you need a mission statement to help explain your core purpose. It is helpful not only in guiding the development of your strategic plan, but in developing an organizational culture and helping to recruit the right staff and volunteers.

Some organizations have a mission statement, a vision statement, and a values statement. These statements are not the same, and we like the easy definitions that Shannon Sage at OnStrategyhq.com provides:

- **Mission Statements:** What you're here to do
- **Vision Statements:** Where you're going
- **Values Statements:** What you will or won't do to get where you want

You can read more at <https://onstrategyhq.com/resources/whats-the-difference-between-these-statements>.

So, do you have up-to-date mission and vision statements?

- Yes: proceed to [Section Four. Are your goals precise, do-able, measurable, and relevant?](#)
- No: review the resources in this section

Resources

- ✓ [**"What's the Difference Between These Statements?"**](#) provides a short explanation.
- ✓ [**"50 Example Mission Statements"**](#) is a brief article that explains mission statements plus gives you 50 examples of great mission statements.
- ✓ [**"30 Example Vision Statements"**](#) offers a brief explanation of vision statements plus 30 examples of great vision statement.
- ✓ [**Check out this brief article about the alignment between your strategic plan and the mission.**](#) It will also explain that if the environment demands it, you may need to redefine the mission statement during the strategic planning process.

If you need more information on mission and vision statements

- Contact your technical assistance provider or
- Contact your state association. You can find them through this interactive link: <https://www.councilofnonprofits.org/find-your-state-association>.

SECTION FOUR. Are your goals precise, do-able, measurable, and relevant?

Consider This

Goals have to provide enough detail so you can tell how much progress you're making toward meeting them, if you have succeeded, or if you need to take corrective action. Consider which of the following goals allow you to know exactly how close you are to achieving it.

- Train families across the state
- Provide advocacy training to 1500 families of children zero to eight years old in at least five counties this year

So, are your goals precise, do-able, measurable, and relevant?

- Yes: proceed to Section Five. Have you identified the resources that you will need to accomplish each of the goals in your strategic plan? If you don't have those resources, do you have a plan for getting them?
- No: review the resources in this section

Resources

We recommend **SMART goals** as one formula for ensuring your goals have enough detail to ensure they are do-able, measurable, and include dead lines. SMART stands for specific, measurable, achievable, results-focused, and time-bound goals.

- ✓ Writing S.M.A.R.T. Goals is a tips sheet.
- ✓ How to Write a SMART Goal is a brief video tutorial.
- ✓ SMART Goals—Quick Overview is a short video explaining SMART goals.

If you need more information on how to create SMART goals

- Contact your technical assistance provider or
- Contact your state association. You can find them through this interactive link: <https://www.councilofnonprofits.org/find-your-state-association>.

SECTION FIVE. Have you identified the resources that you will need to accomplish each of the goals in your strategic plan? If you don't have those resources, do you have a plan for getting them?

Consider This

Adequate resources are essential for achieving the goals in your strategic plan. What resources—labor hours, expertise, skills, equipment, funds, etc.—will you need to achieve the goals you're setting? Do you have the employees or volunteers with the needed skills and abilities? Do you have the equipment, services, and supports you'll need? Do you have a plan to pay for everything you will need to achieve each goal?

Set your goals, figure out the steps to achieving the goals, and then figure out what resources you'll need to accomplish them.

So, have you identified the resources that you will need to accomplish each of the goals in your strategic plan? If you don't have those resources, do you have a plan for getting them?

- Yes: proceed to [Section Six. Have you translated your strategic plan into an action plan?](#)
- No: review the resources in this section

Resources

- [**"7 Tips for Strategic Planning, Budgeting, and Management"**](#) is an online article that explains the link between and the importance of budgeting resources you need for achieving the goals within your strategic plan.
- The article [**"Importance of Budgets in Strategic Planning"**](#) goes a step further in explaining how to budget.

If you need more help

- Contact your technical assistance provider or
- Contact your state association. You can find them through this interactive link: <https://www.councilofnonprofits.org/find-your-state-association>.

SECTION SIX. Have you translated your strategic plan into an action plan?



Everything up until this step is just mapping out the route. The action plan actually starts you on the way. This is where you lay out task leaders, due dates, and regular reports on progress or challenges that need attention.

So, have you translated your strategic plan into an action plan?

- Yes: congratulations!
- No: review the resources in this section

Resources

- ✓ [**How to Develop Action Plans for your Business Goals**](#) is a short video that demonstrates the translation of your goals into action plans.
- ✓ [**How to Create and Implement Effective Action Plans**](#) is another short demonstration.

Do you need more help?

- Contact your technical assistance provider or
- Contact your state association. You can find them through this interactive link: <https://www.councilofnonprofits.org/find-your-state-association>.



WARNING

Too many times we expend a lot of effort going through strategic planning and developing the report, and then it sits on a shelf for years. Sometimes we write a report because a funder requires it but never get around to using it. Don't waste this effort or this valuable road map. Implement an action plan and ensure it undergoes regular progress reviews.



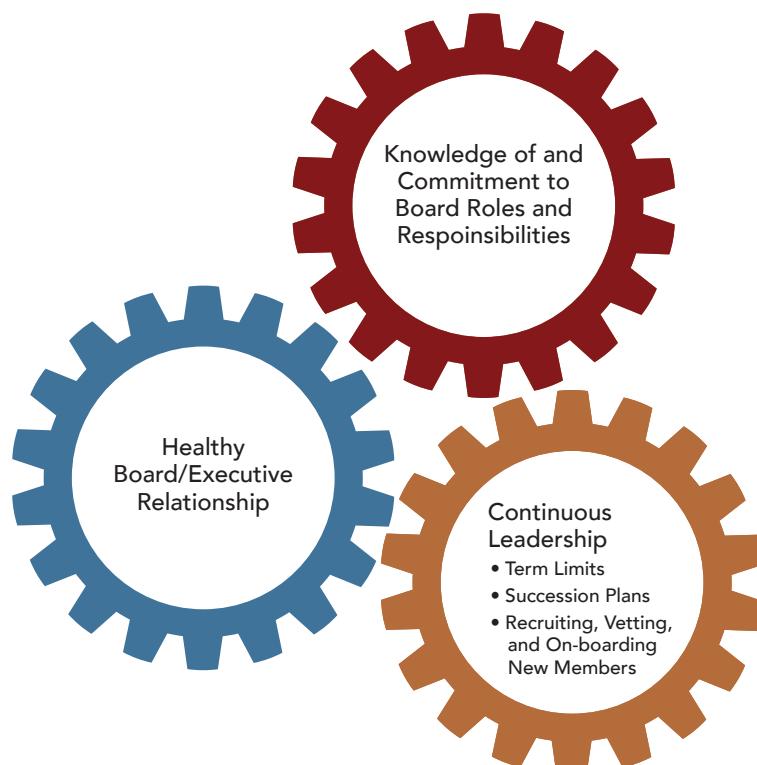
ENGAGING A BOARD SUPPORTS GROWTH AND SUSTAINABILITY

KNOW HOW TO MAXIMIZE BOARD PERFORMANCE

The nonprofit board plays a significant role in governing, growing, and sustaining the organization. In fact, the board is critical to the overall success or failure of the organization. Although boards take many forms and the way they function varies according to the organization's level of development, the legal responsibility remains the same.

Three important areas challenging to quality board performance in many statewide networks include the following:

1. a clear understanding and implementation of board roles and responsibilities
2. a good working relationship between the executive staff and the board
3. policies and practices that ensure continuity of qualified leadership

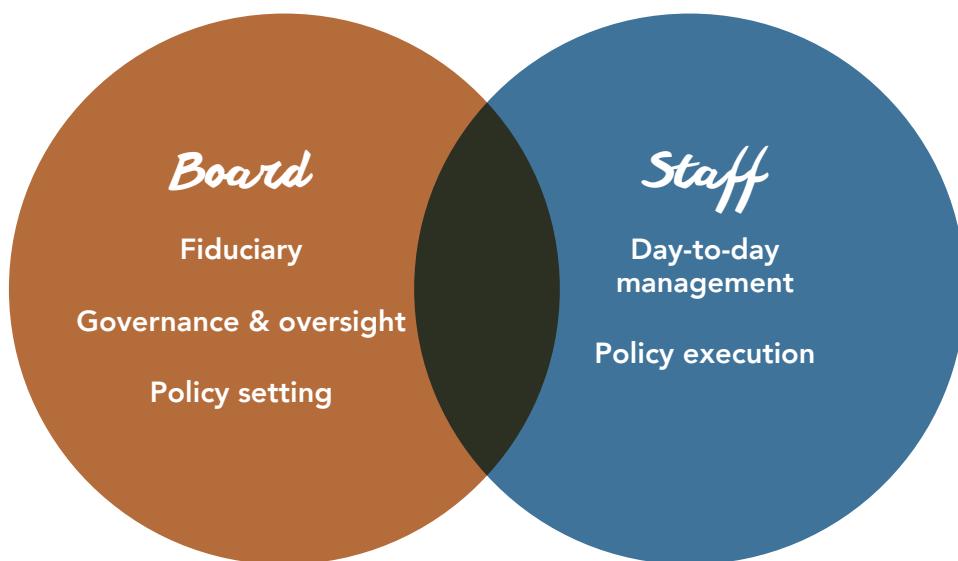


SECTION ONE. Does the leadership of your organization thoroughly understand and fully commit to the board's roles and responsibilities?

Consider This

The people running a statewide network each need to have a clear understanding of their roles and responsibilities. They need to know for what and to whom they are accountable. Otherwise they step on each other's toes or, even worse, leave important things undone. Some of the boundaries between the board and the executive staff are very clear-cut, while others overlap.

The people in the organization need to work out the overlapping areas. These areas usually include how things get carried out, which goals to prioritize, and how to address threats. Shared responsibilities should include the strategic plan, the financial plan, and the organization's self-evaluation. It is important that the board and staff work well together in the overlap space and respect one another's distinct roles.



It is also important for everyone in leadership to understand that no single board member can act alone on behalf of the organization. The board functions as a group. The bylaws or policies should spell out the rule about how many board members must take action.

The board is the fiduciary of the organization, meaning that it is the entity whose duty it is “to act in faithfulness to the interest of another, even at the cost or peril to himself” (Hotchkiss, 2009). The fiduciary has legal responsibility to ensure the organization spends funds as intended. There are three duties of the board:

- 1. THE DUTY OF CARE.** That is, the board must be diligent and thoughtful; use their best judgment; commit enough time; and make an effort to learn about programs, issues, and skills they may need to carry out their responsibility (e.g., spend the time needed to learn how to read and understand financial statements).
- 2. THE DUTY OF LOYALTY.** That is, the board must avoid conflict of interest. They must put the organization and its mission first, ahead of personal or professional interests (e.g., think only of what is in the best interest of the organization when voting on an issue, even if it means it might negatively impact something else the board member cares about).
- 3. THE DUTY OF OBEDIENCE.** That is, board members must obey the laws governing nonprofits and the foundational documents of the organization (e.g., follow the network’s mission and bylaws).

So, do the people running your statewide network understand and stick to the board’s roles and responsibilities?

- Yes: proceed to [Section Two. Is the relationship between the executive staff and the board working?](#)
- No: review the resources in this section

Resources

- ✓ [**How a Nonprofit Board Changes as the Organization Evolves**](#) is a 5.5-minute video worth checking out.
- ✓ You will find a very brief overview of [**board roles and responsibilities**](#) in the blog.
- ✓ [**Grantspace**](#) provides an overview with links to more detailed resources.

If you feel you need more information on board roles and responsibilities:

- [Contact](#) your technical assistance provider or
- Contact your state association. You can find them through this interactive link: <https://www.councilofnonprofits.org/find-your-state-association>.



WARNING

Unawareness is not an excuse and does not relieve the board of its legal responsibility. For example, a board that does not know how to read financial statements is still responsible in the rare situation of serious wrongdoing, such as misused or embezzled funds.

SECTION TWO. Is the relationship between the executive staff and the board working?

Consider This

Many current statewide network executive directors are the founders of their organizations. As the organizations grow and the boards take more active governance roles, they can find it difficult to shift from "doing everything" to sharing power and decision-making. Likewise, boards can find it difficult to let go and trust the executive staff to oversee the policies they have put in place and to manage the day-to-day affairs of the organization. It is hard for some boards to avoid micro-managing the staff. Hence, it is critical that the board's roles and responsibilities are clear and that everyone in leadership positions understands them.

The board and staff need one another in order to fulfill their own responsibilities. They need to demonstrate respect and transparency with one another. The board's support of the executive director should include performance reviews, goals, and opportunities for professional development. The executive director's should support the board by keeping them well informed and stewarding the policies.

The stakes are often high in the work being done by the leaders of the statewide networks and, therefore, emotions can run strong. Conflict is inevitable. Everyone involved in an organization's leadership should have the ability to listen deeply to one another's ideas, respect differing points of view, and engage productively.

So, do your executive staff and board have a good working relationship?

- Yes: proceed to [Section Three-A. Continuous Leadership: Does your organization have and follow term limits for board members?](#)
- No: review the resources in this section

Resources

- [**What Does a Board of Directors Do??—Ask Jay**](#) is a short video by a man who started his own company and his relationship with his board of directors. The issues he talks about apply to nonprofits. Think of the entrepreneur as the founder of your statewide network. Think of shareholders as your stakeholders, funders, and peers. We think it applies to nonprofits when at 5:00, he says "When you have really good board, they are there to help you do your job."

- ✓ You can find a 16-page paper with a nice explanation of root causes of conflict between executive directors and boards at the link below. It also includes a great list of ways to address and overcome the conflict.
- ✓ A short blog piece titled "Twelve Actions for Minimising Board—CEO Conflict" is an easy read with on-point strategies.
- ✓ A Video Review of Crucial Conversations (2015) by author Kerry Patterson is a 6.5-minute video that reviews key concepts about how to engage in a conversation when stakes are high, opinions vary, and emotions are strong. Sound like a discussion with your board?

If you feel you need more information on how to improve the working relationship between the board and staff

- Contact your technical assistance provider or
- Contact your state association. You can find them through this interactive link: <https://www.councilofnonprofits.org/find-your-state-association>.

SECTION THREE-A. Continuous Leadership: Does your organization have and follow term limits for board members?



Some argue against term limits, but the reasons for them outweigh the reasons against them. In fact, several statewide networks have run into difficult situations by not having term limits. In one case, the entire board became tired and quit at the same time. Suddenly the organization was without a proper governance structure. In another, the board became stagnant. Without policies requiring a regular, staggered turnover in board membership, there was no easy way to recover and refresh the board.

Term limits will help

- make recruiting easier by being able to ask for a time-limited obligation,
- grow support for the organization by routinely bringing in new people,
- avoid burn out of board members,
- avoid massive turnover of board members at one time, and
- disrupt the potential for one small group of people to hold power too long.

Not convinced? Check out this short blog, [“5 Reasons Why Every NPO Board Should Have Term Limits.”](#)

So, does your organization have and follow term limits?

- Yes: proceed to [Section Three-B. Continuous leadership: Does your organization have policies and procedures for recruiting, vetting, and on-boarding new board members?](#)
- No: review the resources in this section

Resources

- ✓ This brief document lists important things to consider in [setting term limits for your organization.](#)
- ✓ One organization adopted [term limits](#) that worked well for them.

If you feel you need more information on term limits

- Contact your technical assistance provider or
- Contact your state association. You can find them through this interactive link: [https://www.councilofnonprofits.org/find-your-state-association.](https://www.councilofnonprofits.org/find-your-state-association)

SECTION THREE-B. Continuous leadership: Does your organization have policies and procedures for recruiting, vetting, and on-boarding new board members?

Consider This

The quality of your board depends on how you find and invite people to join. What are the qualities you need? Can you work with them? Do they bring the diverse ideas, skills, and perspectives you need to really meet the needs of your community? How do you make final decisions about who to include, and then how do you orient them to the inner workings of the organization?

This responsibility often falls to the executive director while the organization is getting up and running. As the organization evolves, a board committee should take on this responsibility. The board is ultimately responsible for its own performance and, therefore, how it brings on new members and provides orientation and training.

So, do your executive staff and board policies and procedures for recruiting, vetting, and on-boarding new board members?

- Yes: proceed to [Section Three-C. Continuous leadership: Does your organization have succession plans in place for executive staff?](#)
- No: review the resources in this section

Resources

- ✓ There is good [guidance on recruiting and vetting board members](#) in this blog.
- ✓ An outline of the [process](#)

If you feel you need more information on recruiting, vetting, and on-boarding new board members

- Contact your technical assistance provider or
- Contact your state association. You can find them through this interactive link: <https://www.councilofnonprofits.org/find-your-state-association>.

SECTION THREE-C. Continuous leadership: Does your organization have succession plans in place for executive staff?

Consider This

We usually think of succession planning as having three components:

- 1.** An emergency succession plan in case the organization loses the executive director's leadership temporarily or permanently should include, at least
 - a designated oversight entity, perhaps the board's executive committee;
 - a communications plan to guide notification of staff, board, stakeholders, funders, etc. about the loss;
 - an identified person who will have the authority to act in the executive director's place and plans for how the organization will compensate that person,
 - the location of essential information needed to run the day-to-day operations, and
 - who will decide about the executive director's return or about hiring a new executive director.
- 2.** A leadership development plan that outlines how the organization nurtures a pipeline of potential new leadership should include thoughtful approaches to preparing for future leadership needs by at least
 - providing routine performance evaluations and professional development to staff members and
 - optimizing opportunities to engage stakeholders with leadership potential.
- 3.** A departure-defined succession plan that outlines steps to take when transitioning from one executive to another usually includes
 - a timeline for the transition (e.g., expected notification from departing executive staff),
 - a decision to either use an interim director or directly move to a new hire,
 - criteria for searching and deciding on a new executive,
 - plans for how to support the outgoing executive in the transition,
 - plans for how to onboard and support the new executive, and
 - internal and an external communication plans to ensure transparency and reassurance during the transition.

So, do your executive staff and board have succession plans for board officers and executive staff?

- Yes: congratulations!
- No: review the resources in this section

Resources

Sample templates for this kind of planning can be found at the following links:

- ✓ [**Emergency Succession Plan**](#) from the Center for Nonprofit Advancement
- ✓ [**Nonprofit Executive Succession-Planning Toolkit**](#)

Do you need more help?

- Contact your technical assistance provider or
- Contact your state association. You can find them through this interactive link: <https://www.councilofnonprofits.org/find-your-state-association>.



WARNING

Full implementation of this kind of planning would overwhelm many statewide networks. If this is the case for you, at least ensure an emergency plan is in place and think about how the organization can begin developing a pipeline of potential leaders.

References

Hotchkiss, D. (2009). *Governance and ministry: Rethinking board leadership*. Maryland: The Alban Institute.



FINANCIAL PLANNING THAT SUPPORTS GROWTH AND SUSTAINABILITY

KNOW HOW TO FINANCE FUTURE ACTIVITIES

Sound financial planning builds on a strategic plan that aligns with the organization's mission and vision. Realistic organizational goals, documented in a strategic plan, should have well-developed budget projections with identified funding sources and plans for acquiring those funds. Financial plans provide a clear outline of expenses, resources (both those available and needed), and strategies to obtain the resources to implement the strategic plan. Central to the financial plan is the budget, which provides a detailed roadmap of anticipated costs and resources, providing a guide for spending and fundraising targets.



This chapter describes how to align financing with your mission, financial planning, budgeting, and fundraising. Ongoing assessment of the organization's direction and finances, and accountability to the organization's mission and financial stewardship need to occur at all levels.

SECTION ONE. Does your funding support the organization's mission, vision, and goals? What is each program's value to the organization's mission and financial well-being?

Consider This

The organization established mission and vision statements to address a problem and meet a need. For an organization to serve its mission, it must engage in activities that relate to meeting its goals and secure needed resources to execute these activities.

It can seem easier to seek available funding, even if that funding does not align with the organization's mission. When an organization accepts funding out of alignment with its mission and vision, the organization's ethos may begin to drift. These cultural compromises can derail an organization because it no longer does what it intended to do. This drift can confuse stakeholders and those outside the organization, especially current or potential funders whom you count on for support. Funders want to know what they are supporting and that it serves their interests. When there is organizational drift, this becomes unclear and funders become uncertain that you will do what you say you do. Drift can be positive, however, such as when community needs change and the organization is able to fulfill relevant needs that lead to a change in the mission statement.

Ask yourself: Will funders be able to see that you are working to fulfill your mission?

Aligning your mission with current activities in your organization will allow you to assess whether you are drifting off mission because of misaligned funding opportunities within the organization. If mission drift is occurring, please consider the following options:

- Whether your organization needs to refocus on its mission and vision and get back on track, or
- Whether the needs that your organization addresses have evolved and the organization's mission needs to change to reflect this new reality.

Caveat

Do not skimp on this step. Be honest about your organization's funding and where it is taking your organization. Do not assume that drift from your mission will be temporary and without consequences. Do not assume that your core funding will continue despite drift in some areas from your mission, vision, and goals.

So, do your funding and programs support your organization's mission and vision?

- If yes, proceed to [Section Two. Do you know your available resources as well as the resources you need?](#)
- If no, review the resources in this section

Resources

- ✓ [**Bringing Mission and Funding into Alignment**](#) is a short article about the risk of mission drift, how this happens, and the financial consequences.
- ✓ [**Costs Are Cool: The Strategic Value of Economic Clarity**](#) describes the reality of the trade-offs that nonprofits make and how good financial information on the true costs of programs and services can help make resource allocation decisions.
- ✓ [**The Sustainability Formula: How Nonprofit Organizations Can Thrive in the Emerging Economy**](#) is an insightful article that provides 10 recommendations for sustainability of nonprofit organizations.

If you need more information on aligning your work with your mission, vision, and goals and assessing the value of your programs:

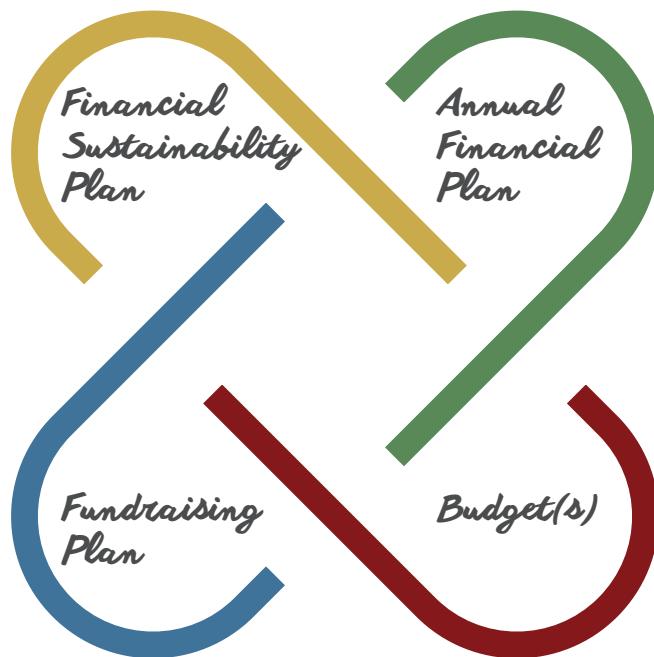
- See more in [Strategic Planning for Sustainability](#)
- Contact your technical assistance provider or
- Contact your state association, which you can find online at <https://www.councilofnonprofits.org/find-your-state-association>

SECTION TWO. Do you know your available resources as well as the resources you need?

Consider This

To successfully carry out your organization's mission and vision, you need resources and activities that build the financial well-being of your organization. Activities need full funding to operate so that they add to, rather than drain, resources. Thoroughly understanding what it costs to perform each activity linked to your strategic plan will result in more accurate budgeting, and a clearer sense of how (and when) to use existing funds and what (and where) to seek funds when fundraising.

There are different types of financial plans. *Financial sustainability plans* chart an organization's financial course over multiple years. *Annual financial plans* chart the course for the year or two ahead.



A sound financial plan, whether for the long-term or for the next two years, is a written document, including the budget, which makes clear what it costs to do the things you plan to do, the available and needed funds to make these things happen, when the organization will need funds, plans to obtain needed funds, and processes to manage finances and disseminate financial information.

Developing a financial plan includes these steps:

- Engaging staff and the board in the financial planning process
- Establishing a timeline and due date for completing the plan
- Gathering fact-based information about all costs and resources
- Creating a budget
- Establishing the financial management, review, and reporting process
- Obtaining board feedback on and approval of the plan
- Disseminating the approved plan among staff
- Implementing the plan

Financial plans typically cover three years: the current year, the projected year, and the year after that. The current year establishes a starting place for the plan and provides the basis for next year's planning. Take into consideration how much the organization spent, income, any funding gaps, and anticipated changes. Financial plans have three basic parts:

- 1. INCOME/REVENUE** All anticipated funds, their alignment with specific goals and tasks, and when they are available.
- 2. EXPENSES** All projected costs to run the organization and implement the activities aligned with the goals and objectives outlined in the strategic plan.
- 3. FORECAST** A detailed plan of when the organization will expend funds and how much is available to spend at different times across the budget year. A forecast accounts for all expected monthly expenses, including fixed costs (those that do not change) and variable costs (those that change).

Forecasts include direct expenses and indirect expenses, such as labor, benefits, other direct costs, and any overhead costs for each month of the budget period. Program activities may happen only at certain times of the year so the organization needs more resources for labor and other direct costs at those times and less at other times. The forecast lays out these details.

These three components make clear where there are gaps. These gaps can point to needs for the backing of organizational leadership, additional support staff or program staff, food for events, or areas requiring new funds to achieve specific goals.

Financial plans also include information about who will be managing finances and reviewing budgets, how the board conducts its financial oversight, such as when staff prepares which reports for the board, and what actions staff or the board of directors will take to address funding gaps.

So, do you have a financial plan that guides your work?

- If yes, proceed to [Section Three. Budgeting: Does your budget accurately reflect income and expenses?](#)
- If no, review the resources in this section

Resources

- ✓ **Best Practices Checklist for Nonprofits—Financial Management** provides a practical two-page checklist of good financial management practices.
- ✓ **Nonprofit Financial Infrastructure Self-Assessment** is a 43-question tool to help assess your organization's process across multiple financial management categories. The tool also features links to resources available from StrongNonprofits.org that can help you better understand and adopt the listed best practices.
- ✓ **Financial Planning that Drives Your Strategy Forward** is a one-page guide that explains what the financial plan does, why you need to link your financial plan to your strategic plan, and how to build a mission-focused budget.
- ✓ **Budgets and Financial Planning** provides links to various budgeting and financial planning resources, including self-study resources.
- ✓ **The Board's Financial Leadership: Resources for Nonprofit Financial Management** is a 25-minute webinar with a downloadable presentation that discusses the board's role in financial oversight.
- ✓ **Developing a Plan for Financial Sustainability** is a Web page that provides a detailed overview of developing financial sustainability plans.

If you would like additional information on financial planning:

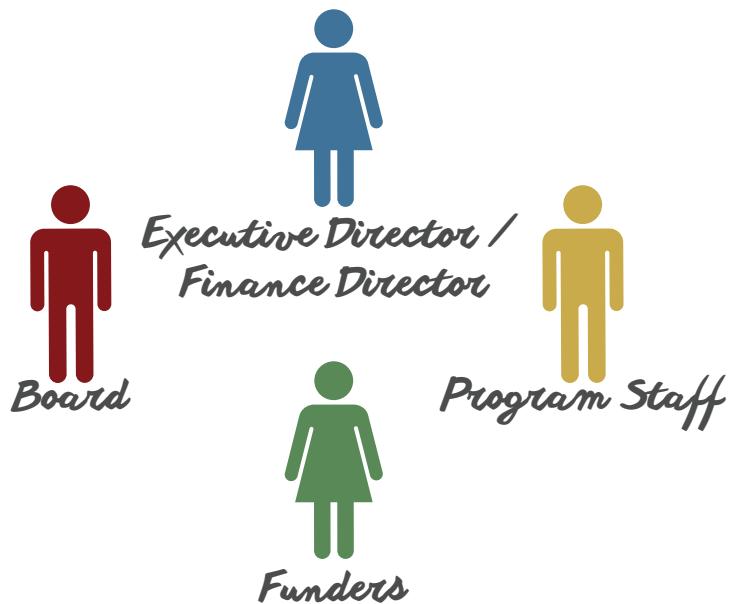
- Contact your technical assistance provider or
- Contact your state association, which you can find online at <https://www.councilofnonprofits.org/find-your-state-association>

SECTION THREE. Budgeting: Does your budget accurately reflect income and expenses?

Consider This

The budget for an organization describes the details of expected income and expected expenses for the budget period. It is the core of the financial plan, and is the document that guides decision-making throughout the budget period. The budget is built from the factual details about income and expense gathered for the financial plan.

Developing a budget is a process that involves someone, often the nonprofit's executive director, leading the budgeting process, program staff providing details about labor and other resources needed to conduct successful programs, and the board reviewing and approving the budget. Budget development occurs in context to funding, known and projected, so funding sources fit into the budgeting picture.



A budgeting process includes establishing a timeline and due date well before the start of the new fiscal year to give the board time to review and approve, and to share the budget with staff.

There are two core parts of an organizational master budget:

- 1.** The *income budget*, which details known projected income or revenue
- 2.** The *expense budget*, which details all direct and indirect costs

Organizations should also have a *cash flow budget* that provides the details of available cash, including when cash will be available. Some organizations may need a *capital budget*, if they plan a future project that requires capital.

Like the financial plan, good budgets describe a three-year period, including the current year, the budget planning year, and the next year. A good budget begins by first knowing current year revenue and expenses. The best way to identify costs is to track the amount and when the organization spends funds and receives income, *everything!* That includes anything paid for out-of-pocket because it seemed easier at the time and there were no funds earmarked for that expense. Conduct a thorough review of *all* costs: employee labor and benefits, other direct costs (such as materials, food, travel, consultants), and overhead expenses (such as rent, insurance, utilities).

Costs also take account of volunteer hours, including those of staff as well as those of your volunteers. Assign a price tag to volunteer time: how much would the organization pay someone for doing that task? Knowing how much time activities took and other expenses incurred will provide the information you need to be able to request funding to cover those costs in future.

So, does your budget fully reflect your organization's income and expenses?

- If yes, proceed to [Section Four. Do you know how you will raise funds and what this effort will cost your organization?](#)
- If no, review the resources in this section

Resources

- [**A Five-Point Check-up for Effective Budgets**](#) is a short overview of key characteristics to make sure your budgeting is on track.
- [**10-Step Annual Budgeting Checklist**](#) is a useful one-page tool to help keep you on track with the steps of the budgeting process.
- [**Budgeting: A Guide for Small Nonprofit Organizations**](#) is a seven-page guide created by the Virginia Society of Certified Public Accountants to developing and managing budgets.
- [**Resources for Nonprofit Financial Management**](#) is a website maintained by The Wallace Foundation that provides a variety of nonprofit financial management tools. Of interest is [**A Five-Step Guide to Budgeting for Nonprofits**](#), which features a 28-minute video describing in detail the process for developing and monitoring a budget. Another 28-minute video, [**Program-Based Budget Builder Demonstration**](#), describes steps to developing a detailed budget and provides a free downloadable Excel budget development tool.
- [**What Is Overhead?**](#) is an introduction to the topic presented in a FAQ format of what overhead includes and how to calculate overhead rates.

If you feel you need more information on budgets:

- Contact your technical assistance provider or
- Contact your state association, which you can find online at <https://www.councilofnonprofits.org/find-your-state-association>

SECTION FOUR. Do you know how you will raise funds and what this effort will cost your organization?

Consider This

Fundraising—whether through grants, events, individual donations, or capital campaigns—takes time. It often necessitates other expenses, such as travel to meet potential funders, rent for space to hold a fundraising event, labor to organize the event and train and manage volunteers, printing and distributing materials, developing an online and social media presence, food, and myriad other details. You need to understand and account for these overhead expenses in the organization’s budget.

Developing a fundraising plan and keeping good records of all efforts and costs, including volunteer and donated in-kind or out-of-pocket contributions, as well as the income obtained from each event, provides essential information for improving budgeting and financial planning.

Fundraising can be a daunting process for any organization. The clarity that a strong financial plan provides about the resources needed and where you might obtain them is important in establishing a good roadmap for developing and implementing a successful fundraising plan.

The fundraising plan should outline how much income the organization needs, any foundations that align with the needed income, and who will execute each activity in the plan. The plan may outline the roles of the executive director, the governing board, staff, and volunteers in fundraising efforts. Describe the preparation needed for effective fundraising and provide details such as timelines and procedures.

Tip

Having a description of a project—or more than one project—that aligns with a goal along with a detailed budget makes it easier to seek funding for that project and to seize a funding opportunity when it becomes available.

Concrete plans, aligned with SMART goals (see [Strategic Planning for Sustainability](#) for more information), can reduce the fear of asking for resources.

So, do you know how to fund raise for your organization?

- If yes, congratulations!
- If no, review the resources in this section

Resources

- ✓ [**How Nonprofits Can Improve Fundraising, Increase Effectiveness, and Better Engage with Donors**](#) is a brief, informative video about the three components of fundraising. The video refers viewers to a downloadable PDF [**More Money for More Good**](#), which is a free guide that includes 10 tips to increase effectiveness, funding, and results.
- ✓ These two short videos address how nonprofits can focus their efforts to raise funds for their causes: [**Four Essential Principles of Fundraising**](#) and [**Fundraising with Limited Resources**](#).
- ✓ [**Your Fund Development Planning Process**](#) is a brief overview of the fund development planning process.
- ✓ [**Fund-Raising and Financial Sustainability**](#) is a chapter of an online resource for nonprofits that provides an in-depth dive into the components of fundraising, including developing proposals and profiling potential funders.

If you need more information on fundraising:

- Contact your technical assistance provider or
- Contact your state association, which you can find online at <https://www.councilofnonprofits.org/find-your-state-association>

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