

Positioned for Success? Measuring Your Nonprofit's Effectiveness

A view of boards, technology and performance metrics at nonprofit organizations

Blackbaud and Tech Foundation Joint Survey Finds Board and Technology are Vital to Success — Technology Planning and Staff Training Need Attention

Today's nonprofit faces unprecedented challenges — from increased need and competition for donations to continual staff turnover and a push from funders for success metrics. Although some nonprofits are leading the way in establishing best practices in these areas, others don't know where to begin or where they stand compared to other organizations.

Blackbaud and Tech Foundation launched this survey to help add to the dialogue surrounding nonprofit management in the 21st century. The results of the survey provide information on three key areas deemed vital to the management of a successful nonprofit:

1. The board of directors
2. Technology
3. Performance metrics

The survey was distributed to a wide nonprofit community through the *Philanthropy News Network* e-newsletter alert and to Blackbaud clients in a weekly e-newsletter. The survey was administered online; therefore, it is important to take into account this sampling bias. Three hundred and sixty four organizations participated in the survey.

Nonprofits clearly agree that the boards' leadership is vital to their success and that boards, in general, value the organizations' work. However, respondents also report that boards are not currently focusing on technology and fundraising to the degree required and identified these as areas for improvement.

The Board:

- ✓ **70%** feel the board understands the importance of hiring and retaining talented staff.
- ✓ **69%** have confidence in their board's ability to strategically govern the organization.
- ✓ **50%** say the board understands the importance of technology in meeting strategic objectives.
- ✓ **48%** have confidence in the board's ability to help raise funds.



We found that technology is very important to the majority of nonprofits surveyed. Although many organizations are allocating resources for technology, few nonprofits have written technology plans and use these plans to guide technology purchases.

Use of Technology:

- ✓ **73%** view technology as vital to meeting their organizations' mission-critical objectives.
- ✓ **59%** have a technology budget.
- ✓ **29%** have a written technology plan.
- ✓ **76%** of those with a written technology plan feel it is used effectively as a guide for the purchase and deployment of technology.
- ✓ Internal staff training was the top-rated technology need, rated by **79%** as Very Important or Important.

Finally, the survey uncovered a sector-wide weakness in the understanding and use of performance measurement systems. While most respondents recognize the importance of performance measurement, they also report that developing quantifiable standards is extremely challenging, saying that the time and money required to implement such success measurement systems is often lacking.

Ability to Measure Success:

- ✓ **34%** say each department has defined metrics used to measure success.



Detailed Findings

The Board:

Responses indicate that nonprofits are in nearly complete agreement that their board is vital to the success of their organization (86% agree or strongly agree with this statement). In addition, the data also reveal confidence in the boards' ability to successfully guide organizations (69% have confidence in the boards' ability to strategically govern).

The survey also explored issues of strategic governance including: 1) the role of technology in meeting strategic objectives; 2) the importance of hiring and retaining talented staff; and, 3) the importance of ongoing staff training.

Although 70% of respondents say the board understands the importance of hiring and retaining talented staff, nonprofits surveyed report only average levels of confidence in the boards' ability to understand the role of technology and staff training.

So while the board is viewed as vital and organizations' have confidence in their ability overall, the nonprofits surveyed report lower levels of confidence with specific strategic issues. One explanation may be a lack of adequate communication between staff. Responses indicate that 63% of organizations feel their board has the information needed to make the decisions regarding strategic governance, leaving a significant knowledge gap.

The data also indicate two areas in which boards may need to improve: 1) fundraising, and 2) funding for staff training. Less than half (48%) of those surveyed report confidence in their board's ability to raise funds. In addition, only 47% of respondents report that the board approves the training budget necessary for ongoing training and professional development.

The latter finding is particularly interesting when considered in light of the training needs survey respondents report. Over half of the respondents indicate training as their greatest technology related need (see "Use of Technology" section that follows), but less than half feel their board will approve their organization's training budget. This disparity represents a significant need for staff to better communicate training needs to the board to ensure existing technology is used to full capacity.

Thinking about your organization’s board, please indicate your level of agreement with the following statements?

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	I don’t know
a. I have confidence in my board’s ability to strategically govern the organization. (n=358)	25%	44%	16%	9%	4%	1%
b. The board’s leadership is vital to our success. (n=358)	46%	40%	9%	3%	1%	1%
c. I have confidence in my board’s ability to help raise funds. (n=357)	16%	32%	23%	21%	8%	1%
d. The board members are well equipped with the information they need to make decisions. (n=357)	19%	44%	22%	10%	3%	2%
e. The board understands the importance of technology in meeting our strategic objectives. (n=357)	15%	35%	28%	15%	4%	4%
f. The board approves the necessary technology budget the organization needs to meet our strategic objectives. (n=355)	14%	42%	20%	13%	4%	5%
g. The board understands the importance of hiring and retaining talented staff. (n=355)	25%	45%	16%	8%	4%	1%
h. The board approves the necessary training budget for ongoing training and professional development of staff. (n=356)	12%	35%	27%	15%	8%	3%

Representative Comments:

Respondents were asked to comment on the biggest challenge they face with respect to their boards. Responses can be grouped into two primary challenges:

1. Lack of role clarity within the board

a. Fundraising:

“Encouraging them to be more involved in the raising of funds, not just the management of the funds they raise.”

“Our organization is relatively new to fundraising and there is an unwillingness on the part of the Board to actively participate in fundraising.”

b. Strategic planning:

“Getting them to commit to the development of a written strategic plan and process. Getting them to move into the next phase of growth. Getting them to understand technology.”

“They micromanage the staff. Many board members apply their narrow personal experiences when formulating personnel and technology policies.”



2. Lack of communication between staff and board

c. Value of staff:

“Impressing them with the need to maintain an adequate number of well-trained employees to maintain the database for the development office”

“Reaching consensus on when additional staff will be needed to better achieve the organization’s mission.”

d. Value of technology

“To keep the board updated with the latest technical info to meet the organization’s strategic objectives as we develop and expand into the future.”

“Realizing the importance of proper technology tools staff need to do the proper job and the cost that is involved.”

e. Nature of programs

“Ignorance of the organization’s programs and services, resistance to change and reluctance to delegate power/control.”

“They do not understand what we do on the ground level.”

f. Value of board

“Convincing the staff that the board [members] are there as visionaries who describe the difference the organization is to make in our little part of the world.”

Use of Technology:

Very few of the organizations surveyed have written technology plans that guide their technology planning and purchasing. Although 73% of organizations agree that technology is vital to meeting their mission-critical objectives and 59% have a specific allocation in the budget for technology purchases, only 29% report that their organization has a written technology plan.

What is not clear from this data is whether organizations are choosing not to develop written technology plans because they lack the resources to do so or because the written technology plan is not viewed as critical to the success of implementing technology.

Comments made in response to an open-ended question on technology indicate that time and money are both factors. Regardless of the reason, these findings show a significant need for nonprofits to inventory their technology related needs, plan for the future, and use the plan as a formal roadmap.



Thinking of how your organization uses technology, please indicate your level of agreement with the following statements:

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	I don't know
a. My organization views technology as vital to meeting its mission-critical objectives. (n=359)	30%	43%	14%	9%	3%	1%
b. My organization has a written technology plan. (n=357)	10%	19%	14%	30%	18%	9%
c. The written technology plan is used effectively as a guide for the purchase and deployment of technology. (n=349)	9%	16%	23%	23%	15%	11%
d. My organization's current budget has a specific allocation for technology purchases and upgrades. (n=358)	15%	44%	15%	16%	7%	4%
e. My organization effectively uses software to manage its mission-critical data. (n=353)	14%	38%	22%	16%	7%	2%
f. My organization effectively uses the Internet as a part of its overall outreach efforts. (n=356)	15%	33%	20%	21%	8%	1%
g. My organization seeks outside input on how to best use technology to meet mission-critical needs. (n=357)	9%	32%	27%	18%	10%	3%

The data in the next section reinforces the findings in several recently published reports that highlight the increasing importance of the “organizational divide.” (*Bridging the Organizational Divide: Toward A Comprehensive Approach to the Digital Divide*, Policy Link, Fall 2001 and *Beyond Access: A Foundation Guide to Ending the Organizational Divide*, National Committee for Responsive Philanthropy, Jan 2002.) The organizational divide is the gap between those organizations that have the ability to use technology to further their missions and those that do not.

Where the digital divide describes lack of access to equipment resources, the organizational divide illustrates the lack of expertise to take advantage of these resources. The data shows that while nonprofits view every IT need listed in the survey as important internal staff training is clearly identified as the most important IT need.

This result implies a gap in access to expertise about — not in access to — equipment and software. This lack of expertise prevents the effective use of technology and, therefore, is potentially the biggest, current challenge to the effective adoption of technology by the nonprofit community. This finding is echoed in the free-form answers to the question about the greatest technology challenge faced by nonprofit organizations (a summary of these results follow).



How important are the following IT needs to your organization’s mission?

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	I don’t know
a. Additional computers - <i>increase number of machines being used</i> (n=356)	18%	32%	25%	19%	5%	1%
b. Upgraded computers - <i>increase power of machines being used</i> (n=357)	35%	40%	13%	7%	4%	1%
c. Improved network - <i>i.e. increased resources, enhanced functionality, etc.</i> (n=357)	34%	37%	16%	8%	3%	2%
d. Updated office software - <i>i.e. latest versions of MS Office, Adobe, etc.</i> (n=357)	28%	38%	18%	11%	4%	1%
e. Specialty software - <i>i.e. online donation, client tracking, etc.</i> (n=356)	34%	37%	19%	6%	2%	1%
f. Updated Web site - <i>i.e. more control, enhanced features, etc.</i> (n=356)	43%	35%	15%	6%	2%	1%
g. Additional dedicated IT staff member(s) (n=356)	22%	30%	27%	11%	6%	3%
h. Internal staff training (n=355)	34%	45%	13%	4%	2%	2%

My organization uses technology (please choose all that apply):

	Number of Responses	Response Ratio
To deliver products/services	174	49%
To manage fundraising operations	283	80%
To manage finances	316	90%
For outreach via e-mail	250	71%
To deliver an online newsletter	102	29%
To make 990 forms and annual reports available online	58	16%

Representative Comments:

Respondents were asked to comment on the biggest challenge they face with respect to technology. Responses can be grouped into three primary challenges:

1. Increased staff training to make better use of existing technology

“Providing staff with adequate training to use the existing technology to full extent of its possibilities.”

“Using the power of the computers and software that is on site.”

“We do not use the technology we have efficiently or effectively. We could be doing our work much faster.”



2. Embracing a more holistic approach to technology

“Getting everyone in the organization to view technology as an important, integral method for accomplishing our mission. Getting staff trained so that they feel more comfortable with technology. Most importantly, getting all employees to view technology as an integral part of their job rather than viewing it as just IT’s job.”

“No comprehensive strategy, technology has been acquired piece by piece without much expertise involved in planning.”

3. Staying on top of constantly evolving technology

“Purchasing technology that meets the needs of our organization that is affordable and the technology does not become obsolete in a few years.”

“Trying to stay current and updated.”

Ability to Measure Success:

Measuring organizational success represents a particularly difficult challenge for most nonprofits. Many nonprofit managers find it hard to convince their staff and boards of the importance of organizational performance measurement, and establishing a place for it within the organization presents a particularly significant challenge.

Nonprofits claim that developing quantifiable measures of their success in meeting their mission-critical objectives is very complex and that the time and money involved represent significant hurdles.

Given the zero-sum game that most nonprofits play with respect to time and money, the development of organizational performance measures often takes a backseat to mission-specific work. Only when the value of these measures is fully understood and accepted will they be seen as an essential part of every organization’s management toolkit.

Lack of perspective is another important challenge for nonprofits to overcome in order to improve their ability to measure success. Nonprofits lack the means to benchmark themselves against like organizations because so few organizations have developed quantifiable performance measurement methods. Going forward, nonprofits face the challenge of defining what performance measurement means to their organizations, a challenge that continues to take on new meaning in today’s environment of increased funding competition.

Thinking about how your organization measures success, please indicate your level of agreement with the following statements:

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	I don't know
a. Each department in my organization has defined metrics against which success is measured. (n=356)	8%	26%	24%	24%	13%	6%
b. My organization uses formal “outcome measurement” techniques to measure success. (n=356)	8%	25%	19%	27%	13%	7%
c. My organization ties professional advancement to the success or failure to meet specific performance metrics. (n=356)	4%	20%	29%	26%	15%	6%
d. My organization ties financial compensation to the success or failure to meet specific performance metrics. (n=356)	3%	17%	25%	31%	18%	5%
e. My organization shares key performance metrics with our donors. (n=354)	6%	22%	27%	23%	14%	8%

What percentage of your organization’s donation revenues comes from the top 20% of your donors? (n=349)

	Number of Responses	Response Ratio
I am not certain that we have the information required to provide the answer.	76	22%
I am somewhat certain that we have the information required to provide the answer but do not have the exact answer.	58	17%
I am very certain we have the information required to provide the answer but do not have the exact answer.	134	38%
We have this information!	81	23%

On average, how much does it cost your organization to generate each new dollar raised? (n=349)

	Number of Responses	Response Ratio
I am not certain that we have the information required to provide the answer.	143	41%
I am somewhat certain that we have the information required to provide the answer but do not have the exact answer.	68	19%
I am very certain we have the information required to provide the answer but do not have the exact answer.	84	24%
We have this information!	54	15%



**On average, how much does it cost your organization to acquire a new donor?
(n=347)**

	Number of Responses	Response Ratio
I am not certain that we have the information required to provide the answer.	185	53%
I am somewhat certain that we have the information required to provide the answer but do not have the exact answer.	75	22%
I am very certain we have the information required to provide the answer but do not have the exact answer.	61	18%
We have this information!	26	7%

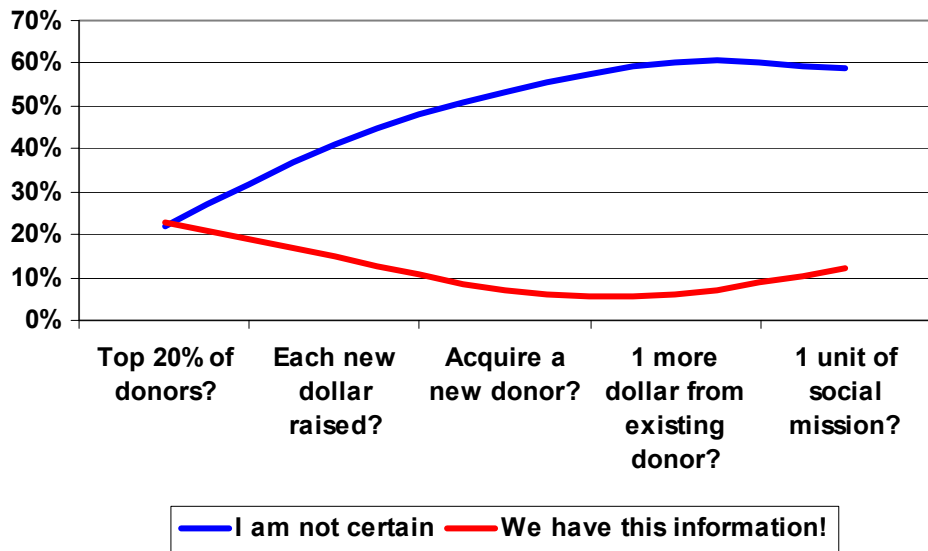
On average, how much does it cost your organization to acquire one more dollar from an existing donor? (n=349)

	Number of Responses	Response Ratio
I am not certain that we have the information required to provide the answer.	211	60%
I am somewhat certain that we have the information required to provide the answer but do not have the exact answer.	59	17%
I am very certain we have the information required to provide the answer but do not have the exact answer.	58	17%
We have this information!	21	6%

What does it cost to deliver one unit of your social mission? (n=335)

	Number of Responses	Response Ratio
I am not certain that we have the information required to provide the answer.	197	59%
I am somewhat certain that we have the information required to provide the answer but do not have the exact answer.	52	16%
I am very certain we have the information required to provide the answer but do not have the exact answer.	46	14%
We have this information!	40	12%

Following is graphical view of the five cost questions, showing the percentage of respondents who were not certain their organization had the information to answer the question and those who could provide an answer.



Representative Comments:

Respondents were asked to comment on the biggest challenge they face with respect to performance measurement. Responses can be grouped into three primary challenges:

1. Concept is limited to development

“It would be a new concept for my boss — there are no expectations placed anywhere in the organization, except in fundraising.”

2. Requires too much time

“It’s very hard to accurately measure, because it is complicated and time spent figuring it out takes time away from raising funds and providing services.”

3. Challenge of quantifying the results of an organization’s mission

“It’s difficult to, if not impossible, to quantify the effect of things like dignified treatment.”

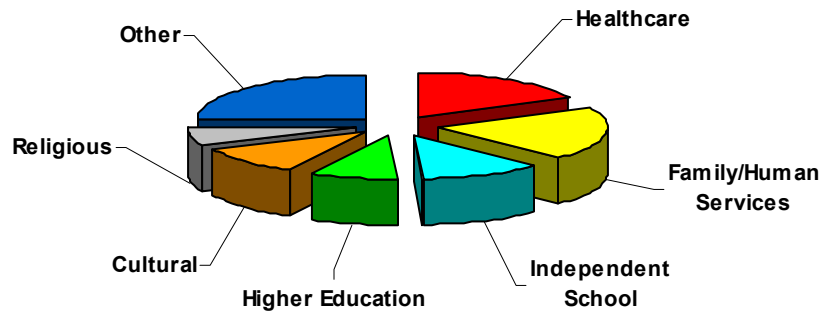
“Trying to mesh specific data, such as test scores, with the nonspecific, such as improvements in social skills.”

Respondent Demographics:

1. Top 10 states represented: (n=356)

	Number of Responses	Response Ratio
1 – California	37	10%
2 – Minnesota	21	6%
3 – New York	21	6%
4 - Massachusetts	19	5%
5 - Georgia	14	4%
6 - Michigan	14	4%
7 – Ohio	12	3%
8 – Pennsylvania	12	3%
9 – Indiana	10	3%
10 – Texas	10	3%

2. Which of the following best describes your nonprofit sub-sector? (n=359)



3. What is the total size of your organization’s full-time staff? (n=356)

	Response Ratio
0-5	24%
6-10	14%
11-15	5%
16-20	7%
21-50	17%
50+	32%

4. What is your organization's total annual operating budget? (n=355)

	Response Ratio
Less than \$500,000	23%
\$500,000 to \$999,999	10%
\$1 million to \$9.9 million	43%
\$10 million to \$24.9 million	11%
\$25 million to \$49.9 million	3%
\$50+ million	3%
I don't know	7%

5. What is your organization's annual budget for information technology? (n=360)

	Response Ratio
\$0	3%
\$1 to \$999	9%
\$1,000 to \$49,999	49%
\$50,000 to \$99,999	8%
\$100,000 to \$999,999	8%
\$1 million to \$4.9 million	3%
\$5 million+	0%
I don't know	21%

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