

Redefining the Solution: Doing More with Less

1/
Assessing
the problem

2/
Redefining
the solutions

3/
Measuring
the results

The second in a series of three reports identifying common capacity constraints in the nonprofit sector, assessing trends in capacity investment, and exploring the relationship between nonprofit capacity building and greater effectiveness

“Resource constraints effect day-to-day functions and add stress to an already overtaxed staff. It is difficult to maintain quality when your capacity is limited.”

– Nonprofit survey respondent

Unlocking the Potential of Skills-Based Volunteers to Do More with Less

As community organizations face greater needs but find fewer resources available to meet those needs, nonprofit leaders and their supporters must take a careful look at how they invest in their organizations to ensure that their programs remain effective today while they build sustainability for tomorrow.

To learn more about how organizations are coping in challenging times, Common Impact and Capital One partnered to investigate the critical capacity constraints nonprofits face and to explore how nonprofits and funders can build back-office capacity with limited resources.

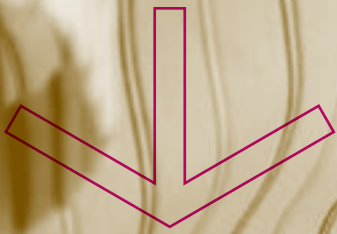
Methodology

Common Impact surveyed over 185 nonprofits, interviewed social sector experts, reviewed existing literature, and analyzed its own outcomes data to understand trends in capacity investment and to investigate the functional areas where nonprofits struggle most. Responses were analyzed in aggregate, and then analyzed again after they were segmented according to Common Impact's criteria for selecting high-potential nonprofits.

Through this approach, Common Impact sought to determine whether high-potential organizations invest differently in their infrastructure. Common Impact's criteria for high-potential nonprofits include:

- **Strong Executive Leadership**
where dynamic, engaging leaders have a strong social vision and an ability to guide their teams toward outcomes.
- **Potential to Create Deep Social Impact**
which refers to the ability to take a compelling vision, translate it into tangible services, reliably produce the intended results, and gather client feedback to hone the model over time.
- **Effective Relationship Building**
including leveraging external resources, creating partnerships, understanding how to work with people from different backgrounds, finding systematic ways to incorporate results from each relationship and ensuring that value is created for all participants.
- **Organizational Readiness for Change**
which refers to organizations that use indicators such as financial stability, staff turnover, and progress against strategic plan to assess themselves.

* Common Impact developed the selection criteria through 10 years of experience with over 200 nonprofit clients. The criteria were developed by tracking, over this period, which clients were able to drive and implement successful capacity building projects and which were not.



79% of nonprofits surveyed
are spending 2% or less of
their operating budget to
support key infrastructure*

*Infrastructure includes technology, public relations or marketing.

State of the Sector: 2007 versus 2009

In 2007, Common Impact took a look at the state of infrastructure investments to understand how nonprofits were spending their dollars; in 2009 Common Impact revisited these questions to understand emerging trends in capacity investing.

→ **Functional Challenges Have Shifted**

In 2007, nonprofits' top two functional challenges were technology and marketing/branding; two years later, marketing/branding continues to be an obstacle but operations/efficiency analysis now surpasses technology as one of the top two challenges; 23 and 18 percent of nonprofits viewed marketing/branding and operations/efficiency analysis as top challenges, respectively.

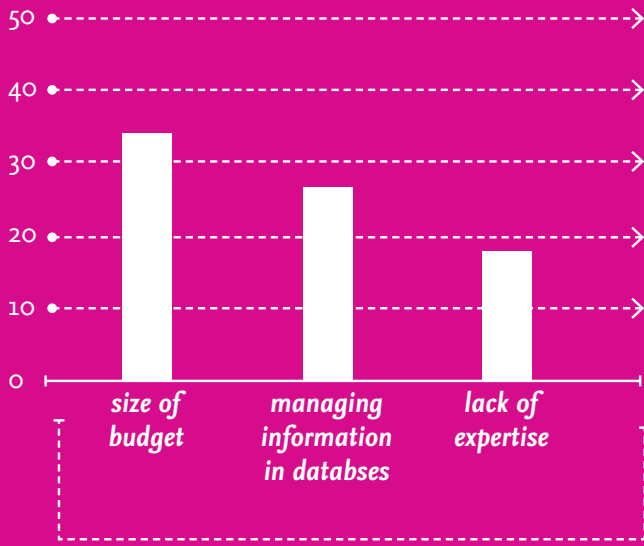
→ **Functional Expertise Remains a Key Challenge for Nonprofits**

In 2007, Common Impact found that less than 15 percent of nonprofits had staff with functional expertise; most relied on untrained employees, consultants, or volunteers to fill functional gaps. In 2009, access to expertise remains a key barrier: lack of functional skills surfaced as one of the top three challenges in technology, public relations and marketing.

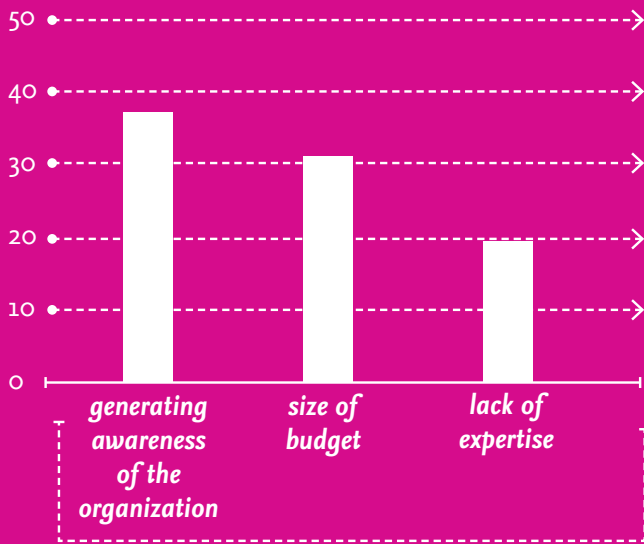
→ **More Nonprofits Are Spending the Bare Minimum on Infrastructure**

Common Impact found in 2007 that 67 percent of nonprofits spent two percent or less on technology, public relations or marketing, but by 2009, this number had climbed to 79 percent, revealing that nearly eight in 10 nonprofits spend less than two percent on key infrastructure. Furthermore, nonprofit respondents spent an average of just 8.7 percent on technology, public relations and marketing combined. Compare this to the average 20 percent that service companies—the closest for-profit corollary to most nonprofits—spend on building a healthy infrastructure. This raises concern about whether nonprofits are able to invest enough now to ensure much-needed services will be around tomorrow.¹

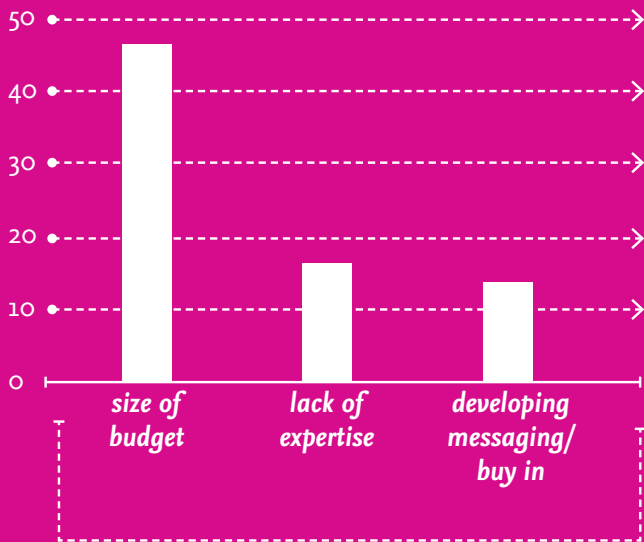
1. Nonprofit Starvation Cycle Stanford Social Innovation Review August 2009



Top three IT challenges



Top three PR challenges



Top three Marketing challenges



Key Findings from 2009

Strained Budgets Leave Little Room for Back-Office Investment

Almost half of nonprofits (48 percent) reported they struggle with funding core programs, making non-program infrastructure investments difficult to justify to donors, boards and institutional contributors. Indeed, 38 percent of nonprofits responded that a lack of infrastructure to support service delivery was their top programmatic challenge.

Volunteers Represent Half of Nonprofit Human Capital

When asked about how they engage staff, consultants, or volunteers to deliver their mission, nonprofits reported that 50 percent of all human capital comes from volunteers but 24 percent of nonprofits have no one in charge of managing volunteers.² Compounding this problem is the fact that one in three volunteers drops out of service each year.³ Given the extent to which most nonprofits leverage volunteer resources, keeping volunteers engaged is essential to maintaining program quality. Therefore, it is critical that nonprofits deliver high-quality experiences that deepen relationships with core volunteers over time.

Human Resource Management Sets Some Apart

High-potential nonprofits manage human resources differently, investing more and approaching the management of internal resources with greater rigor, setting them apart from their peers. When asked if their organization invests enough in HR to meet their mission, 67 percent of high potential organizations said yes, while only 38 percent of nonprofits in the overall sample saw their investment as sufficient.

2. Deloitte Executive Summary: Deloitte Volunteer IMPACT Survey 2009

3. The Corporation for National and Community Service, "Volunteering in America" 2008 http://www.volunteeringinamerica.gov/about/research_faqs.cfm

Skilled volunteers represent an untapped resource

Common Impact's View

→ **Skills-Based Volunteering Continues to Have Untapped Potential**

In the first report in this series, Common Impact noted that skilled volunteers represent an untapped resource, and in 2009 this opportunity continues to go largely unexplored.

While Common Impact learned that many nonprofits are engaging volunteers to extend reach and improve program depth, few organizations are deploying skilled volunteers to build back-office capacity. According to a Deloitte survey, 72 percent of nonprofits strongly agree that engaging skilled volunteers would help increase impact, but almost a quarter have no plans to engage this willing and able resource.⁴ Given that lack of expertise remains a key barrier to building healthy infrastructure, skilled-volunteers represent an under-utilized resource that can provide functional know-how without requiring the addition of staff, limiting the strain on tight budgets.

→ **Engaging Supporters in Skilled Volunteering Has a Two-Way Payoff**

Common Impact has found that skills-based projects promote a deep understanding of social issues and encourage on-going involvement. After-project volunteer surveys reveal that while 37 percent of volunteers rated their understanding of a social issue as good or excellent before a project, this number jumps to 94 percent after the project is complete. Additionally, 86 percent of participants say their skills-based volunteering project positively influenced their interest in volunteering. In short, skills-based projects provide volunteers an opportunity to learn about how a nonprofit operates, creating newfound awareness and, often, interest in a nonprofit's mission and programs.

→ **Successful Skills-Based Projects Require Active Management**

While skills-based volunteers want to invest their time and talent in local nonprofits, these engagements require on-going management to ensure a win-win.⁵ Given that 57 percent of nonprofits say they do not have the systems in place to effectively leverage volunteer resources Common Impact created the following checklist to help nonprofits unlock the potential of skills-based volunteers.⁶

4. Deloitte Executive Summary: Deloitte Volunteer IMPACT Survey 2009

5. Points of Light Institute "The Promise Employee Skill-Based Volunteering Holds for Employee Skills and Nonprofit Partner Effectiveness" 2007 http://www.volunteeringandservice.org/resources/business/7_Programs_Partnerships_National_Initiatives/The_Promise_of_Skill-Based_Volunteering.pdf

6. Deloitte Executive Summary: Deloitte Volunteer IMPACT Survey 2009

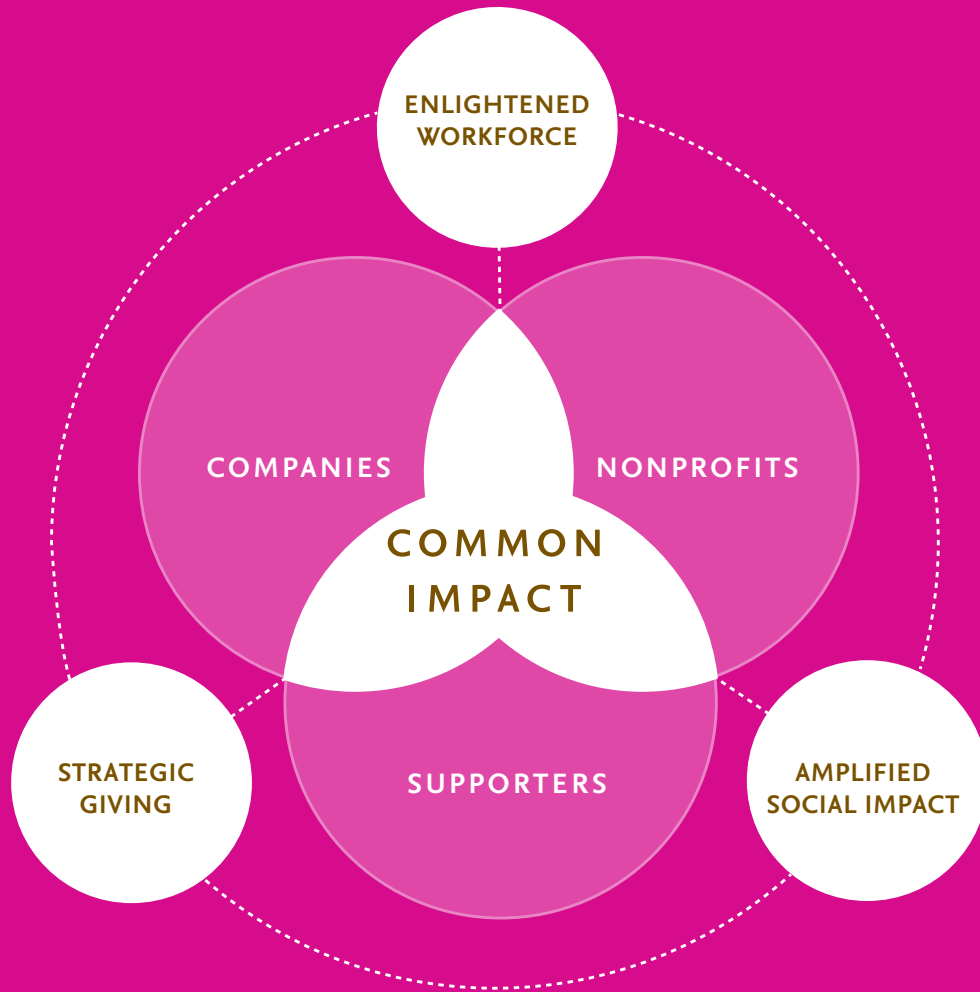
Tricks of the Trade

Start from Your Strategy: Consider your strategic plan and long-term goals when picking a project; the best projects have a clear tie to organization-wide challenges. To learn more about making functional investments strategic, see:

MISSION FULFILLMENT TOOLS “Zeroing in on Impact” http://www.bridgespan.org/LearningCenter/ResourceDetail.aspx?id=858	OPERATIONS TOOLS “Creating Policies” http://www.boardsource.org/Knowledge.asp?ID=1.216
MARKETING TOOLS “The Smart Chart” by Spitfire Strategies http://www.smartchart.org/	TECHNOLOGY TOOLS “A Pyramid Scheme for Technology: How to identify your IT needs and get money for them” http://www.commonimpact.org/publications/articles/stanford-social-innovation-review/

- **Define the Role:** Volunteers need a sense of what skills are needed, who will manage his/her time and what a successful project outcome looks like upfront. For examples and templates, see: <http://nonprofit.about.com/od/volunteers/ht/voldespos.htm>
- **Know What Moves Them:** Ask your volunteers what they want to get out of their experience and make sure to deliver; volunteers may be looking to meet new people, build new skills, hone existing skills, or learn about a new organization.
- **Kick It Off Right:** Have organizational leadership share the story of how the organization got started, provide a tour, or invite volunteers to see programs in action.
- **Connect the Project to Your Mission:** When explaining what the volunteers will be doing for the organization, tie this to the mission to communicate the real value of the project. For example: it's not a just a new website, it's a way to engage stakeholders to build long-term sustainability.
- **Set Expectations – On Both Sides:** Define time commitments, on-site work requirements and turn-around timeframes, and agree to a project timeline.
- **Communicate, Communicate, Communicate:** More often than not, this is where projects get tripped up. Setting a regular time to check-in helps, but nothing beats clear, consistent communication on both sides.
- **Define the Feedback Loop:** Who needs to give feedback? Who are the decision-makers? When do volunteers need input? How quickly can the nonprofit provide feedback on work? Discussing these questions upfront will help improve the experience for both parties.
- **Mind Your Manners—Say Thank You:** Whether it's an end of project lunch, a thank you note from organizational leadership, or baking a batch of cookies, everyone feels good when they know they've added value and small gestures can build lasting connections. For more ideas on thanking volunteers, see: <http://www.energizeinc.com/ideas.html>.

How We Work



Common Impact's Vision

We envision a world where all of America's leading companies invest the talent of their employees in the high-potential nonprofits poised to solve social problems, generating compounding value for local communities and global companies alike.

Report Two

If you are interested to see additional data or learn more about Common Impact, please contact Jenne Griffin, Regional Director, at jgriffin@commonimpact.org.

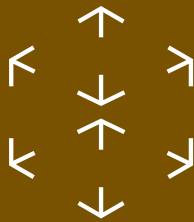
Common Impact would like to thank the many people who helped develop this research study. A special thank you goes to Theresa M. Ellis, Danielle Holly, Karen Horwitz, Lisa Jackson, Christine Letts, and Sameen Saeed.

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COMMON IMPACT

The Athenaeum Building • 215 First Street, Suite 25
Cambridge, MA 02142 • Phone: (617) 492-3105
commonimpact.org

About Common Impact

The mission of Common Impact is to strengthen high-potential nonprofit organizations by helping companies deploy their human capital more strategically in the social sector. Through Common Impact, employee teams from leading companies have provided IT, Marketing, HR, Finance and Operations solutions to more than 200 high-potential nonprofits in Boston, New York, Richmond, VA and Raleigh, NC. Common Impact's approach harnesses the power of skilled volunteers to execute capacity building projects with community-based nonprofits and create successful long-term partnerships that are of value to all. Common Impact has generated more than \$6 million in net new resources for the social sector and a 7:1 social return on investment.