
Forces of Change: Reshaping How Non-Profit Organizations are Governed, Managed, and Resourced

“It’s easy . . . to lose sight of long-term trends amid short-term gyrations,” – Ezra Greenberg, Martin Hirt and Sven Smit (April 2017) in *The Global Forces Inspiring a New Narrative of Progress*, McKinsey Quarterly

Non-profit organizations are living in an environment of great complexity, accelerated change, and unprecedented competition for resources. Some call it an “inflection point” that will fundamentally reshape the non-profit sector. Others call it a time of enormous disruption, which is recasting all the rules. Andrew Zolli (2016) in *Thriving in an Age of Volatility*, says, “we’re not in Kansas, but nor are we in Oz . . . we’re somewhere in the whirlwind” in between.

Many agree that it is not business as usual. The leaders of organizations that thrive are highly attuned to the shifts taking place and continually evaluate and adapt based on their own unique context. They probe for opportunities. They are curious and willing to take risks, and they know how to find that sweet spot between organizational stability and agility.

Synthesizing the shifts for organizational leaders

However, it’s challenging. There is a lot of information about the shifting landscape, from many different sources, and it’s not always translated so boards and management can easily see the implications for their own organization. It was for this reason that the foundation Ignite NPS and *The Philanthropist* decided to gather and synthesize the trends and forces whirling around organizations into themes that are strategically meaningful to leaders. The purpose was to identify those trends and forces that impact how non-profit organizations are governed, managed, resourced, and organized to accomplish their work. To describe them; to identify strategic questions they raise; and to propose actions organizations can take to address them.

The journey resulted in the publication of a resource: [Trends and Forces Reshaping Nonprofit Organizations: Actions and Strategic Questions for Leaders](#). The content is based on an extensive literature review and in-depth conversations with more than 30 thought leaders, with diverse expertise and experience.

Four key themes

The trends and forces are captured into four theme areas that emerged from research and discussions. Here are some highlights:

Mission effectiveness

- There is a growing awareness that “underinvestment in administration is unproductive” (Mowat NFP, 2015) and that “belt tightening has its limits and at some point starts to damage vital organs” ([Broadhead, 2010](#)).

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- Impact investing and social enterprises are becoming more common vehicles for generating revenues and can be an invaluable source of discretionary funds, yet few organizations can take advantage of the opportunities.

Leadership approaches and workforce expectations

- There is increasing competition for qualified staff, in part because talented people can find a socially meaningful career outside a traditional non-profit organization.
- Board roles and responsibilities have expanded and become more sophisticated. Yet many non-profit organizations continue to have significant challenges recruiting board members with the required range of high-level competencies.

Networked and collaborative action

- After decades of honing organizational missions and fine-tuning branding for programs and services, organizations now need to think differently about competition.
- Governance decisions will increasingly be made outside the single organization board.

Deeper and broader engagement

- The growth in alternative ways to create social change is challenging the traditional hold that non-profit organizations have had as the “go to place” for doing good.
- Increasing expectations for more variety and greater input is fundamentally changing the relationships with stakeholders.

Big, hairy questions arise at the intersection of these themes

Thought leaders may be familiar with these themes, however, looking at where the themes “collide, mesh and interact with one another” (Spencer, 2013) generates some bigger, hairier questions. It provides an opportunity to explore what’s fundamentally different about how organizations are governed, managed, resourced, and organized to achieve their missions.

This time of intensified competition for resources, growing need to collaborate across ecosystems, and increasingly urgent demand for more significant impacts, presents both challenges and great opportunities. It raises some profound questions:

- How does an organization both compete aggressively and collaborate authentically? While there may never be too many causes, are there too many organizations?
- Does collaborating in the larger ecosystem fundamentally change the nature of risk management and governance decision-making or are they merely revised?
- How can ROI and the power of passion be compatible?

Boundaries are blurring between non-profit, for-profit and government. Sophisticated competencies are required to navigate through this complex environment.

- What value proposition will draw employees, volunteers, and donors to traditional non-profit organizations when there are attractive alternatives?
- Given the challenges of recruiting qualified boards members, do we rethink the expectations of boards or find alternate ways to meet governance competency needs?

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- Can decision-making be more widely and authentically distributed in a way that actually works?
 - To what degree does the availability of technology change the very definition of what an organization does; and what are the implications if most non-profits don't have access to advanced technology?

Looking at the convergence of the themes also raises questions about which organizations will thrive in this environment.

- Can an organization thrive if staff and the board believe that it is business as usual and just harder to find the dollars to survive another day?
- Are agility, innovation, and resilience the key ingredients to success and, if so, how can organizations truly embrace them with donor and funder restrictions and the realities of regulation?
- Is the most commonly used strategic planning format still relevant in an environment that is changing so rapidly it can't be contained in "a plan?"

So what?

These are some of the questions that emerge from the convergence of trends and forces. Many sector and capacity building organizations and networks are doing important research and creating forums for thought leaders to grapple with these big and complex issues.

[*Trends and Forces Reshaping Nonprofit Organizations: Actions and Strategic Questions for Leaders*](#) adds to this dialogue. It is directed to boards and management who are ready to think about how their organizations must adapt to new technology, demographic, economic, and social realities. It provides tangible actions and a platform from which leaders can see the full landscape.

Now more than ever, board members and management from all sizes and capacities of organizations must lift up from the day-to-day gyrations and reflect on the longer term implications. The willingness and ability to do this will separate those who will thrive and those who may be left behind. McKinsey (2017) in *The Global Forces Inspiring a New Narrative of Progress* offers advice on how to respond to the powerful forces at play. They: “. . . demand thoughtful responses and contain the seeds of extraordinary opportunity. Leaders reaching for these opportunities will need to question their own assumptions and imagine new possibilities. Those who do will compete more effectively; they also will be better able to contribute to broader solutions, and ultimately to a new and more inclusive narrative of progress.”

References

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