
Needs Scan Report:



Taking the Pulse of
Nonprofit Organizational
Effectiveness Needs
in the Greater
New Orleans Region

PRESENTED BY THE GREATER NEW ORLEANS FOUNDATION
ORGANIZATIONAL EFFECTIVENESS INITIATIVE



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NEEDS SCAN REPORT

Nonprofit
Organizational
Effectiveness
Needs

INTRODUCTION

The Greater New Orleans Foundation (GNOF) believes that in order to create a resilient, sustainable, and thriving community for all, the region's inequities must be addressed. It's clear that nonprofits play a key role in closing this gap.

GNOF is committed to helping these nonprofits reach their highest potential and make the greatest positive impact in their communities. This report on Organizational Effectiveness needs is one part of that ongoing commitment.

Our work in Organizational Effectiveness represents an expanded role for GNOF. We recognize that as our grantees become better skilled in nonprofit management, program delivery, and leadership that their core community efforts will be more effective, sustainable and better-able to adapt to the ever-changing economic, cultural, and environmental landscape. These are the capacities that enable our nonprofits to make the best use of resources and achieve the most in their missions.

GNOF conducted its Needs Scan to assess these Organizational Effectiveness needs and help direct our own programming and support initiatives in this area. The Foundation is also making these findings available as a resource for nonprofits and other groups that support the sector. Capacity building within an organization begins with its leaders taking an honest, informed look at their operations. Nonprofits can use this Needs Scan to assess how they fare in light of its findings and to begin the important conversations within and between organizations about addressing these needs and spurring improvement.

ACKNOWLEDGEMENTS

A special thanks goes to the Greater New Orleans-area nonprofit leaders who generously shared their time and insights to ensure that this report depicts their true Organizational Effectiveness needs. The ability of the area's nonprofit sector to continue—and in many cases to expand—services and programs for the people of our region in the face of both natural and manmade disasters and severe economic challenges in recent years is nothing short of inspiring. These organizations are key assets in our area's historic renewal.

PART I: Understanding and Gauging Organizational Effectiveness

The nonprofit landscape in our region is diverse and robust, including many long-established organizations and also a large number of new organizations that have emerged as the area has rebuilt post-Katrina. It's a transformational time for local nonprofits and the communities they serve, and the surge in activism and engagement holds great promise for the New Orleans region. However, long-term, significant issues within the sector must be addressed to give these community efforts the greatest impact.

New and well-established nonprofits alike have struggled with myriad organizational capacity issues, whether challenged by inexperienced boards, overwhelming fundraising constraints or a lack of resources to develop their own infrastructure and talent. Left unattended, these challenges will create obstacles for the nonprofits and the important role they play in building a healthy, safe and prosperous region.

In response to these organizational capacity gaps, the GNOF board has adopted an Organizational Effectiveness Initiative. This effort, launched in early 2011, intends to increase and strengthen the organizational capacity of GNOF's grant recipients and other area nonprofits. The goal is to build the sector's capacity to address the most important needs of the communities they serve. Two key questions guide this work in Organizational Effectiveness:

- How can GNOF best serve its grantees and other community nonprofits to help them better achieve their missions?
- How can GNOF become a better grantmaker?

“We are in a unique spot as a community to help shape a national dialogue—we are poised to grow the city and can set the tone and raise the bar for ourselves and be a success story.”

— New Orleans nonprofit leader

Organizational capacity represents the knowledge, skills, resources and people a nonprofit needs to effectively meet its mission. According to Grantmakers for Effective Organizations (GEO), it is “the ability of an organization to fulfill its mission through a blend of sound management, strong governance, and a persistent rededication to achieving results.”

GNOF believes an effective nonprofit is one that:

- Has a clear sense of its identity, with a compelling mission guided by organizational values and planning efforts rooted in community needs, and can communicate this clearly to stakeholders.
- Is led by an engaged, thoughtful, ethical and competent board with good governance policies guiding its efforts.
- Delivers programs and services of the highest quality which demonstrate growth towards



NEEDS SCAN REPORT

Nonprofit
Organizational
Effectiveness
Needs

addressing the needs in the community served as evidenced through data and evaluation.

- Is sound financially, with a diversified, stable funding base able to weather the ever-changing economic and funding landscape.
- Is respected by key stakeholders—clients, funders, donors, members and others in the field—and influences its sector and community.
- Is managed and operated with sound operational and organizational practices and knowledgeable and skilled staff, and strives to be an organization of excellence and quality.
- Can respond effectively to the changing landscape of community needs, economic turbulence and unforeseen circumstances.



**“We need to look
forward rather than
back and prepare for
moments of change.”**

— New Orleans area
nonprofit staff member

Why Start with a “Needs Scan”?

To ensure that our Organizational Effectiveness Initiative is responsive and tailored to the real needs facing our nonprofit partners, GNOF began the initiative by directly engaging the leaders of these nonprofits.

In March and April 2011, GNOF conducted a “needs scan.” This began with foundation staff holding one-on-one meetings with key grantees, surveying nonprofits throughout the region and hosting a series of focus group conversations with nonprofit leaders. Through this process we gathered up-to-date data and personal insights about the organizational capacity challenges and needs these groups face. This scanning process approach builds on the collective strengths and assets of the area’s nonprofits, identifies the capacity needs and gaps and helps us shape a response program to address real needs. The results from this initial scanning effort will chart a course for our Organizational Effectiveness program.

To remain responsive and relevant to the needs of our nonprofit partners we intend to regularly conduct such needs scans. This ongoing dialogue will contribute to the Organizational Effectiveness program offerings and reflect the changing needs of the organizations we support.

About the Methodology Used

In March 2011, a total of 173 nonprofits participated in an online survey using SurveyMonkey, which produced in a 42% response rate. Respondents came from all parts of GNOF’s 13-parish service region, representing a broad range of nonprofit service areas. Of these participants, 60% were current GNOF grantees and 40% were not. We asked nonprofits



NEEDS SCAN REPORT

Nonprofit
Organizational
Effectiveness
Needs

to answer 15 questions about their organizational capacity and community needs.

With this initial data collected, GNOF convened a series of group conversations with 60 nonprofit leaders to review and respond to the data and to help interpret the findings. In addition, foundation staff conducted approximately 20 one-on-one interviews with other key representatives from the field and reviewed secondary data.



**“If we were operating
in an economy of
scarcity pre-Katrina,
after Katrina there was
expansive work and
funding. Now we don’t
know what is terra firma,
will funders be there
in a year or two...it is
especially chaotic now.”**

– New Orleans nonprofit leader

PART II: Key Findings and Trends

The findings of our needs scan quantify well-known anecdotal evidence about the region’s needs, and they provide a more detailed analysis of these needs, concerns and challenges as well as insight to opportunities for addressing them. This information will help GNOF focus its Organizational Effectiveness efforts on where they are most needed and wanted. It also can be helpful for other agencies supporting the nonprofits in the Greater New Orleans area.

Key findings of the needs scan include:

- **Service Gaps Outside the City:** A majority of the nonprofits that responded to the survey provide programs and services only in Orleans Parish. Far fewer nonprofits serve the surrounding parishes and many areas face a gap in service provision. Particularly underserved are rural areas, low-income residents, elderly residents, children, minorities and limited English proficient populations.
- **A Multiplicity of Connected Needs:** When asked to identify the priority needs facing the communities they serve, survey respondents cited:
 - Improved K-12 educational outcomes for students
 - Crime reduction
 - Affordable and accessible healthcare
 - Quality youth development programs and services
 - Safe and affordable housing choices
 - Preservation of artistic and cultural traditions

Members of the focus groups reported that “all of these needs areas are important” and “pre-Katrina we would not have been able to say that.”



NEEDS SCAN REPORT

Nonprofit
Organizational
Effectiveness
Needs

Another noted that: “We are a community of huge problems and few resources and that leads to a lack of sustainability.”

And another shared that: “Nonprofit service offerings provided and determined the quality of life rather than government—nonprofits play a key role in the community.”

- **Capacity Challenges Within:** Nonprofits across all sectors are struggling with a variety of organizational challenges. Those cited include:
 - Raising adequate funds to sustain levels of service post-Katrina is growing more difficult.
 - Expertise is needed to develop plans for fundraising; in particular, building a case for support and engendering board involvement in fundraising efforts is a challenge for many nonprofits.
 - Governance, leadership and financial management issues hamper impact efforts. Boards are unclear about their primary roles and responsibilities including their oversight and fundraising charges.
 - Civic engagement and advocacy remain priorities yet are difficult to fund.



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— Xxxxxx

- Effective communications remains challenging. Nonprofits struggle with articulating their core work, the impact of programs and service offerings and building a case for funding support.
- Developing partnerships and collaborations between nonprofits is difficult for the sector. While nonprofits agree that partnerships and working with other organizations is key to addressing the challenges facing our community, competition for resources and few experiences in successful partnering initiatives hinder progress.

“Peer networking is important; we need to work with a facilitator for stronger conversations,” reported one leader.

As one grantee noted: “It takes time to make significant change; meanwhile we have to chase dollars each year.”



NEEDS SCAN REPORT

Nonprofit
Organizational
Effectiveness
Needs

“We need new board members, more cross pollinating between organizations, more African Americans and more women,” shared a nonprofit leader.

- **Fragmentation of the Sector:** The nonprofit sector is fragmented and siloed and this inhibits systemic change.

“We don’t have any one thing that connects us... no one holding the whole agenda,” offered one organizational leader.

Another reflected that: “we need help in coalition building among non-usual suspects; we need to put concerned citizens with key experts.”

Still another said, “we need to link arms across disciplines and touch allies around the state...we’ve been siloed by programs and geography and we need to look at things holistically.”



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– Xxxxxx

- **Low Foundation Support:** Nonprofits report a limited level of support from local, state and national philanthropy. Nearly three quarters of respondents report that 25% or less of their budgets come from local, state and/or national foundations.
- **Problems Accessing Government Support:** Just over one-third of survey respondents reported receiving no government funding (city, state or federal). Nearly a quarter of those responding garner 25% or less of their budget from government sources.

Almost a third of the nonprofits report that 50% or more of their budget comes from government sources. Some nonprofits anecdotally told of delays in receiving funding and uncertainty about the future of these sources of support. In light of recent state and federal budget/funding cuts and revenue shortfalls, these factors can only add to the fund development challenges facing nonprofits.

As one participant suggested: “There will be an extreme impact on nonprofit effectiveness if federal funding cuts occur; those nonprofits that receive federal funds will be struggling.”

- **Scant Reserves:** Operating reserves are thin for many of the survey respondents, especially small- to mid-sized organizations. Many nonprofits do not have adequate cash reserves to weather inevitable changes in the economic landscape.

Nearly half of the nonprofits report less than a three-month reserve of “rainy day funds.” Of those, approximately 17% have less cash on hand than they need to last a single month. Nearly 32% have between a one- and three-month reserve. By comparison, the Nonprofit Finance Fund 2011 Survey reported that nationally 60% of



NEEDS SCAN REPORT

Nonprofit
Organizational
Effectiveness
Needs

organizations have three months or less of needed cash on hand.

On the other hand, 30% of the respondents report more than seven months of reserves, a bright spot in the findings, though many of these are larger organizations with annual budgets reaching well into the millions.

What Nonprofits Want from GNOF

When asked how GNOF could respond to these needs and challenges, nonprofits suggested that the Foundation:

- Provide multi-year, unrestricted and/or general operating support.
- Support affinity groups between and among nonprofits to learn with and from one another.
- Provide assistance to strengthen the communication strategies within nonprofits.
- Provide technical assistance in a variety of areas and consultants to work with organizations.
- Help create partnerships and alliances both among nonprofits and also between nonprofits and the business and higher education sectors.



A grantee from the focus group reported: “The Foundation can do more convening to discuss overall strategies to address (community) needs.”

Another said: “We are so competitive with one another and we need to partner better. We need good models and infrastructure for collaboration.”

And another leader shared that: “We need collaboration that addresses regional and inner city inequalities. I don’t see how anyone can do business anymore without partnering...funders don’t want to hear it...that there isn’t a partnership or collaboration.”

PART III: Putting This Data To Use

We believe the findings of the Needs Scan hold insight and opportunities for improvement for individual nonprofits and for donors. GNOF is also using these findings to help shape new programs to help the groups we serve increase their Organizational Effectiveness. In short, we’ve listened to the nonprofit community, sought their input on these findings and are committed to putting this research to effective use to support the sector.

1. Recommendations for Nonprofits

Ask the Right Questions: We invite nonprofits to review these findings and share them with staff and board members to begin conversations about how they reflect their own specific situations. Some questions to guide those conversations include:

- How does our organization fare in comparison to these findings? Which of these challenges do we face?
- What data in this summary should we focus on as we plan for the rest of the year?
- How would we define organizational effectiveness?



NEEDS SCAN REPORT

Nonprofit
Organizational
Effectiveness
Needs

How would we characterize the effectiveness of our organization today? Where do we have room for improvement? How can we address these issues in meaningful and action-oriented ways?

Build a Reserve: Devoting funds for operating reserves is a key step to stabilizing and strengthening a nonprofit. Establishing such a reserve or adding cash to an existing reserve helps prepare your organization for an ever-changing funding and economic landscape. See our attached primer, *Operating Reserves: A Step in the Right Direction* for more on this subject.

Review Your Funding Mix: How dependent is your group on a single source of funding? How diversified is your base of support? What is a healthy blend of funding for your organization? For more information, see our attached primer, *Funding Sources: What is the right mix?*

Ask for Assistance: When you face difficulties in the operation and management of your nonprofit, reach out for help. Open, honest and clear communications with your board and key donors can bring issues to the forefront and help illuminate the necessary steps in addressing them.



Expand Collaboration: Look for opportunities with other nonprofits conducting similar work and explore possibilities for sharing services and reducing costs (for instance, hiring a mutual policy director or renting shared offices) or collaborating on a program that targets similar constituents. Finding these connections can strengthen your organization, reduce duplication of services, cut costs and send a positive signal to current and potential funders. Ask your local funders who else might be doing similar work and suggest they broker a meeting to discuss possible opportunities for collaboration.

2. Recommendations for Donors

Fund Capacity: Donors play a key role in supporting the effectiveness and health of nonprofits. Consider providing general operating support grants to organizations specifically to help them build their capacity. Foundations and other donors can also help by underwriting technical assistance requests, providing funding for consultants, and making professional development grants directly or by pooling funds with other funders.

Support Reserve-Building: Donors that provide unrestricted grants can assist nonprofit organizations in building their operating reserves—a key indicator of a healthy and well-managed entity. Consider providing a year-end contribution toward a group's rainy day fund as a long-term gift.

Coordinate Responses: Donors can work in concert with other funders to determine funding priorities and build grant-reporting processes on common indicators.

3. How will GNOF respond?

GNOF is committed to developing programs that address needs detailed in this report. To that end, we



NEEDS SCAN REPORT

Nonprofit
Organizational
Effectiveness
Needs

have convened a design team comprised of nonprofit practitioners to help develop capacity-building programs. Some new examples include:

101 Series: a new training series that offers nuts-and-bolts guidance on effective key nonprofit skills. We kicked off our series with an Advocacy 101 workshop. We extended the learning with additional teleconference calls with a small circle of practitioners. We will host these workshops every other month beginning in the fall.

Capacity Coaching Pilot Program: a series of private and confidential coaching sessions for nonprofit leaders. During a six-month pilot phase, Joann Ricci, GNOF's Vice President of Organizational Effectiveness, will meet one-on-one with a different nonprofit leader each month to tackle one specific topic, content area or issue identified by that nonprofit, with the goal of improving that leader's ability to address it.

Foundation Directory Online: a new development tool available to all nonprofit organizations through

a collaborative effort between GNOF, the Louisiana Association for Nonprofit Organizations (LANO) and the Arts Council of New Orleans. This online directory provides the most current, accurate and comprehensive information available on U.S. grantmakers. It enables nonprofits to customize searches to identify prospects and plan their development calendars. The service is offered at no cost through the LANO New Orleans office where staff members are available to assist users.

The board and staff of GNOF have reviewed the survey data, listened to nonprofit leaders and asked them to help us interpret these findings. We have incorporated these findings into our planning efforts for this year and have made adjustments to our grantmaking efforts, which are reflected in the funding guidelines for our 2011 Community Impact grant program.

Further, GNOF will carefully consider the findings of this report as it continues to develop its Organizational Effectiveness offerings.

ABOUT THE GREATER NEW ORLEANS FOUNDATION

The Greater New Orleans Foundation is the community foundation serving the 13-parish Greater New Orleans metropolitan area. We design and lead initiatives that improve the region, connect donors to community needs, identify and support great nonprofits, and strengthen civil society.