

TOP TAKEAWAYS

Nonprofit Organizations: Leading Through Transformational Change**1. Transformational change begins with the obvious—recognizing the need for change.**

A nonprofit's Board of Directors must be on the lookout for signs that the organization needs to adapt. The panelists pointed out several indicators for change. Some are more obvious (e.g., financial trouble), while others come in the form of market shifts—changes in industry, regulations, and community needs.

2. The Board must develop a strategic plan to implement change.

Our panel saw the Board as the key spearhead for strategic planning. Successful organizations do not rely on consultants to drive strategic thinking for the organization. Significant change must be driven by those who are deeply knowledgeable about the organization and have a passion for its charitable mission.

3. Nonprofit is a tax status – just like all businesses, non-profits must operate with an eye towards generating revenue.

Nonprofits must continually evaluate their operating strategy in a number of ways, including budget setting, managing costs throughout the year, and seeking out new opportunities for revenue beyond contributions and current programs.

4. Recognize the value the organization provides and capitalize on it.

Officers and Directors too often overlook the value an organization is already providing as part of its exempt purpose; a good organization will focus on its strengths as it tries to extend its charitable purpose and grow revenues. In some situations, programs can be rebranded and marketed to another audience to create a separate revenue stream. Our panelist, the CEO of the YWCA of Metropolitan Chicago, described her organization's success in rebranding and repackaging its charitable activities to a new audience. In one example, the YWCA partnered with a large food manufacturer to provide nutritional education classes to new groups, bringing in new revenue with a program it was already providing to childcare providers.

5. Utilize the Board of Directors as a resource to implement change.

Successful organizations leverage the tremendous knowledge of their Directors, seeking input in their various areas of expertise. Directors with experience in the technology field can help an organization working to create a greater online presence. When the Blood Center of Wisconsin was looking to expand its geographical reach, it relied on a depth of experience from business leaders and professionals on its board with M&A experience to broker partnerships.

6. Use vacancies on the Board to address the needs of the organization.

Our panelists stressed the importance of evaluating the needs of the organization by strategically filling vacancies with directors with expertise and experience to address organizational needs. The panelists sought directors with technical skills and an entrepreneurial mindset. One panelist described how his organization places individuals on an advisory committee and evaluates their contributions to the committee before appointing them to the board of directors.

7. The onboarding process for a new Board member is key.

The trend is to establish a more formal on-boarding process and to take more time educating new directors about the organization's goals and current activities. Organizations are now requiring directors spend multiple days involved in the on-boarding process. This includes site visits (for a non-profit with multiple sites) and even online courses. This often involves significant time with the CEO of the organization during the process to explain the organization and its activities to the Director.

8. Transformational change does not happen without challenges.

Implementing significant change at an organization is often met with resistance. Our panelists reported losing Board members when the organization decided to change and some Directors did not buy in. Board members may disagree, but once a decision to change has been made, they must support the overall vision or give up their spot on the Board.

9. Seek out experts to help work through the issues.

Our panelists provided examples of how outside consultants and advisors assisted in providing structure to a board's strategic decisions and to assist the board members in understanding new directions for the organization. For example, the YWCA of Metropolitan Chicago used a consultant to help bridge the gap between the Board and the CEO on the new plans for the organization. The consultant translated the strategic concepts for directors and helped them become more comfortable with their new roles in the organization.

10. Compelling visions will lead the change.

Ultimately, a compelling vision should be at the forefront of any transformational change. The charitable and educational mission of a nonprofit organization forms the foundation for its actions. An inspiring idea will bring consensus and direction to the organization.

For more information on Nonprofit Organizations: Leading Through Transformational Change, please feel free to contact the moderator directly:

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