

Characteristics and Practices of

Less Effective Nonprofit Organizations	More Effective Nonprofit Organizations
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Mission, Vision, Program

Prompted by individual charitable impulse	Prompted by thoughtful, collective decisions
Program shaped exclusively by service <i>providers</i>	Program shaped equally by service <i>recipients</i>
View of work is broad, mission is vague	Mission is clear, view is strategic, niche-specific
Some tendency to serve private interest	Clearly focused on serving public interest
Programs don't always tie into mission	Clarity of mission evident in focused programs

Team, Structure, Governance

Board and staff roles unclear, melded	Board and staff roles clear, defined and separate
Board micro-manages all functions, even after start-up phase is over	Board sees chief duties as policy-setting, overall stewardship and financial health
Volunteer development haphazard	Volunteers trained, managed, rewarded
Board believes policies are "implicit" in work	Board makes policies "explicit" in writing
Decision-making dominated by founders or other small group of stakeholders	Decision-making by board as whole, following established channels and protocols
Board gets involved in hiring all staff	Board only hires ED; ED hires others
Progresses by fits and starts, project to project	Develops & regularly consults strategic plan; uses planning as a tool for direction setting
Board nominations are eccentric and random—Members drawn from same well.	Nominations process follows clear procedures – Members diverse and therefore board talent-rich

Resource Development, Financial Management, Operations

Budgeting often begins with what the organization thinks it can or should <i>spend</i>	Budgeting begins with assessment of needs, and with what the org. thinks it can or should <i>raise</i>
Organization regularly spends outside budget	Organization uses budget as management tool
Fundraising is scattershot, whimsical, an afterthought; often heavy reliance on a few core donors	Fundraising is staffed, annualized, maintained by clear systems and multiple strategies
Organization hesitant to invest in fundraising infrastructure or communications; fears spending on anything but program	Organization understands it must invest in itself to survive and grow; to publicize & deliver programs properly, and to reach out to new constituents
Sees fundraising only as means to budget goal	Also sees fundraising as public education & communications, a way to reinforce program
Exclusive reliance on government and foundation grants	Individual contributors also part of the mix, as well as earned income, corporate support
Few board members make financial contributions, think volunteering is enough	100% board giving, no matter what the level
Frequent crisis cash flow borrowing	Short and long-term financial planning and cash management policies in place
No one reads or understands the budget or audit	Leadership understands what audit conveys
Lives within inadequacies of existing space, often tailoring program to the space	Develops facilities plan so that space can ultimately be tailored to program needs