

# Five “Get Smart” Strategies for Rethinking Revenue & Development Strategically in 2013

*Nonprofit leaders speak up on the  
evolution of revenue optimization and  
smarter development strategies for  
navigating the year ahead*



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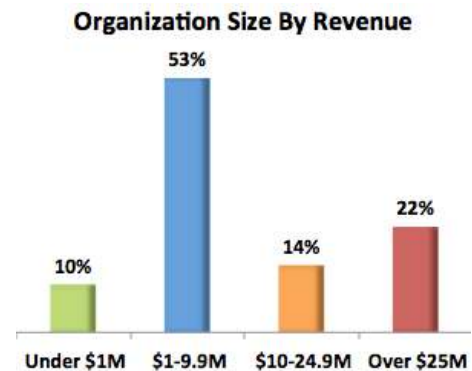
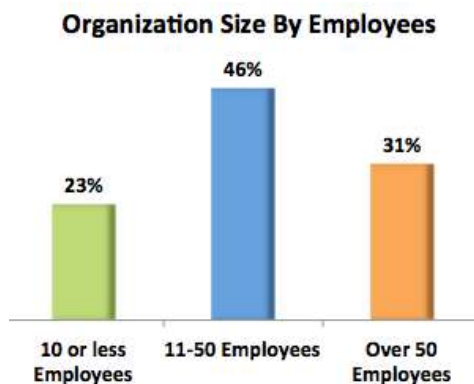
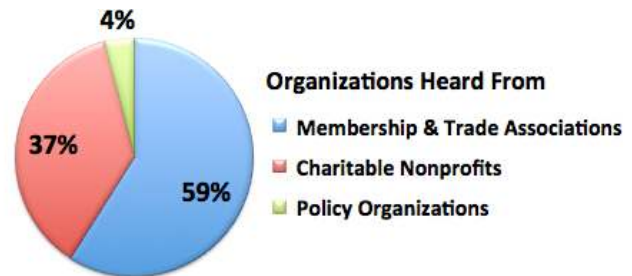
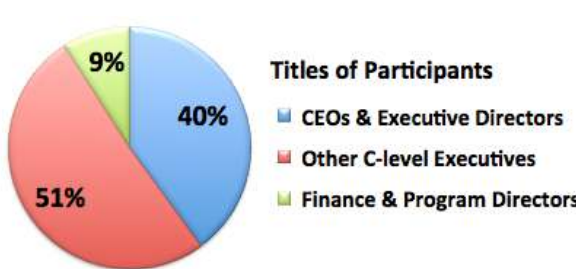
## Faster, Smarter, Stronger:

### How is Your Organization Rethinking Revenue Optimization?

Veris Consulting and Brittenford Systems conducted a research study on the *Nonprofit Financial Outlook for 2013* providing a snapshot of senior nonprofit leaders' top priorities in 2013 and a *CEO Roundtable* delving into peer insights for addressing upcoming opportunities and challenges in the year ahead. Rising to the top of CEO agendas are new strategies for revenue optimization, board development, comprehensive strategic planning and improving program metrics.

The last few years have been a rollercoaster for nonprofits nationwide, and to thrive, a certain evolution has taken place when it comes to the pursuit of revenue and overall operational IQ. Veris summarizes the top five "get smart" strategies of high-performing nonprofits for 2013 coming out of this year's illuminating survey and roundtable discussion.

#### Snapshot from Survey: Nonprofit Financial Outlook for 2013



#### TOP FINANCIAL PRIORITIES IN 2013

- 46% Rethink Revenue Generation & Model
- 46% Improve Program Results & Metrics
- 44% Expand Development Initiatives

#### GROWTH OUTLOOK IN 2013

- 72% Plan to Grow—up from 69% in 2011
  - 57% Slow Growth (1-9%)—up from 29%
  - 15% Moderate Growth (10-20%)—down from 32%
  - 0% Rapid Growth (20%+)—down from 7%
- 22% Plan to Maintain
- 5% Plan to Contract—down from 8%

#### TOP FINANCIAL CHALLENGES IN 2013

- Improve Revenue Predictability & Forecasting
- Creating New Revenues Streams
- Landing New Fundraising Sources & Successes
- Maintaining Programs with Fewer Resources

#### HIRING OUTLOOK FOR 2013

- 40% Plan to Hire
  - 1-2 Staff (27%)—up from 25% in 2011
  - 3+ Staff (13%)—down from 15%
- 57% Plan to Maintain—up from 52%
- 3% Plan to Contract—down from 8%

## NONPROFITS EVOLUTION OF REVENUE OPTIMIZATION

### PHASE 1: TIGHTENING FISCAL BELT

Examine ways to streamline expenses & eliminate waste

### PHASE 2: STRENGTHENING PROGRAMS

Refine programs to improve impact or eliminate underperformers

### PHASE 3: DIVERSIFYING REVENUE

Pursue new revenue sources & diversify revenue

### PHASE 4: STRATEGIC DONOR CULTIVATION

Zero in on a few revenue streams & engage in more strategic donor cultivation

***Where Does Your Nonprofit Fall in This Evolution?***

***“An interesting 50,000-foot viewpoint from our recent CEO Roundtable was the discernable evolution of nonprofits approach to revenue. In this economic climate, nonprofits started by reducing costs and refining programs, then moved to revenue diversification and now are pursuing more strategic revenue generation strategies.”***

—JAMIE SAYLOR, EVP, VERIS CONSULTING

## **STRATEGY #1**

### **Rethink Diversification: Narrowing Focus to a Few Revenue Streams**

Nearly half (46%) of nonprofits surveyed are rethinking revenue models and 44% focused on expanding development in 2013. A pivotal point discussed during our CEO roundtable was the need to shift away from broad-reaching revenue diversification to laser-focused strategies, concentrating on 1-3 revenue streams and a short-list of donors with greatest potential. Development staff have seen it is taking 6-7 touches over 12-18 months to move donors from interested to writing checks—so many leaders and boards are realizing they need longer time horizons in their planning. Careful balance is needed between the pursuit of ‘low hanging fruit’ versus spending enough time cultivating future donors.

By narrowing our focus and deepening ties with a handful of donors whose corporate social responsibility goals align with our mission, leaders avoid spreading the development team too thin while increasing the odds of landing significant donations and long-lasting relationships.

*“Too often nonprofits are seduced by the notion that revenue diversification is a silver bullet. In truth, those that focus on a select number of revenue streams well-suited to the organization where they can invest the required time and attention to steward these relationships will have far greater funding success.”*

—THERESA SCHIEBER, VP & COO, THE WHELAN GROUP

## **STRATEGY #2**

### **Strategic Realignment: Adapting to Donor Goals**

Corporate donors are increasingly sophisticated in their needs, becoming evermore interested in partnering with nonprofits whose goals mirror their own. Successful nonprofits are more closely aligning to a donor’s corporate social responsibility initiatives, workforce priorities and marketing objectives.

Once a donor is identified, savvy development teams spend considerable time researching and understanding donor’s priorities. They communicate how they are providing meaningful impact related to corporate values and seek ways to provide more tangible benefits, including board seats, cobranded campaigns and yearlong visibility. As an example, an early childhood education nonprofit in attendance at the roundtable strengthened their relationship with Boeing by emphasizing their STEM offering and benefits of interest to the parents in their workforce.

## **STRATEGY #3**

### **Growing Up, Not Out: Strategic Planning & Resource-Savvy Strategies**

In the face of fluctuating government funding and pervasive economic uncertainty, nonprofits are placing particular emphasis on comprehensive strategic planning, taking care to involve their board earlier and more directly—establishing an understanding of what success will look like, and encouraging buy-in from the board regarding milestones, strategies and tactics. Boards are initiating thought-provoking discussions about the organization’s future and taking a hard look at existing programs, questioning their relevance and make refinements to become more attractive to high-priority donors.

Interestingly, our survey found that while 72% of nonprofits are planning for growth in 2013, only 40% are planning to hire, mostly in the form of program staff. And so an ongoing challenge persists—the very best strategic plans may be rendered moot without full investment in the resources required to execute them effectively. Nonprofit strategist Theresa Schieber urges a realistic evaluation of capabilities with an eye towards expansion of development staff—often needed to drive revenue to support programs.

## **STRATEGY #4**

### **Market with Metrics: Improve Data to Drive Revenue & Land Donors**

Numbers speak volumes, especially to data-driven corporations and foundations (not to mention your board). So it is no surprise that improving metrics systems and reporting rank high on the list of 2013 priorities. Demonstrating value through a proven ability to move the needle on your nonprofit mission is crucial, which is why metrics are a must-have. Boards often view development metrics as an indicator of overall health—when they see poor numbers they may lose confidence, hindering full support.

***“Metrics are more important than ever – showing progress and impact. Nonprofits need to move towards more detailed strategic and fundraising plans specifying financial, operational, program and development metrics with realistic benchmarks to assess progress towards larger goals.”***

—JOHN GILLESPIE, MANAGING DIRECTOR, CFO PRACTICE, VERIS CONSULTING

In this complex fundraising landscape, more relevant data delivered in an easy-to-understand way makes an impact. Savvy nonprofits are investing in better mechanisms, including data tracked real-time via dashboards, to drive informed decisions on where we should focus and validate metrics to effectively package program outcomes into a compelling narrative that resonates with boards and donors.

## **STRATEGY #5**

### **Build a Better Board: It's Time to Excite & Engage**

Board engagement is also top of mind with nonprofit leaders. By involving the board early, nonprofit execs gain buy-in and educate along the way. One nonprofit relayed the power of engaging the board as messaging is developed, creating an exciting cohesion on how the entire organization talks about the mission. Several leaders discussed the importance of engaging the board between meetings and a highly functioning development committee that works closely with your CEO and development team.

***“Engaging the board in your fundraising plan is critical. Nonprofit CEOs who actively partner with the board in ways that stimulate creative thinking develop an environment where fundraising is more than just the ask.”***

—THERESA SCHIEBER, VP & COO, THE WHELAN GROUP

The time may have come to assess your board's strengths and diversification, get a gauge on their expertise, contacts and enthusiasm and ask yourself: *does my board reflect the community we serve?* When gaps are identified, consider training or recruiting new board members to increase effectiveness. Finally, ensure there is clarity around expectations with a specific plan of action for every board member.



**VERIS CONSULTING** specializes in outsourced financial management and survey research for nonprofits and social enterprises. Its **Outsourced Accounting and Financial Management Practice** draws upon specialized expertise to improve bottom line results and enable nonprofits to grow revenue and control costs. Veris provides objective, hands-on consultation through interim CFO services, outsourced accounting, financial assessments, and executive search—helping nonprofits take control of their finances and advance their missions. Its **Survey Research Practice** delivers valuable insights through benchmarking, compensation and satisfaction surveys as well industry trends and business intelligence studies.

#### **HEADQUARTERS**

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