



Pro Bono Consulting for Non-Profits

Organizational Sustainability In a Crisis

1

**Brian Traquair, B Math, MBA
Consultant**

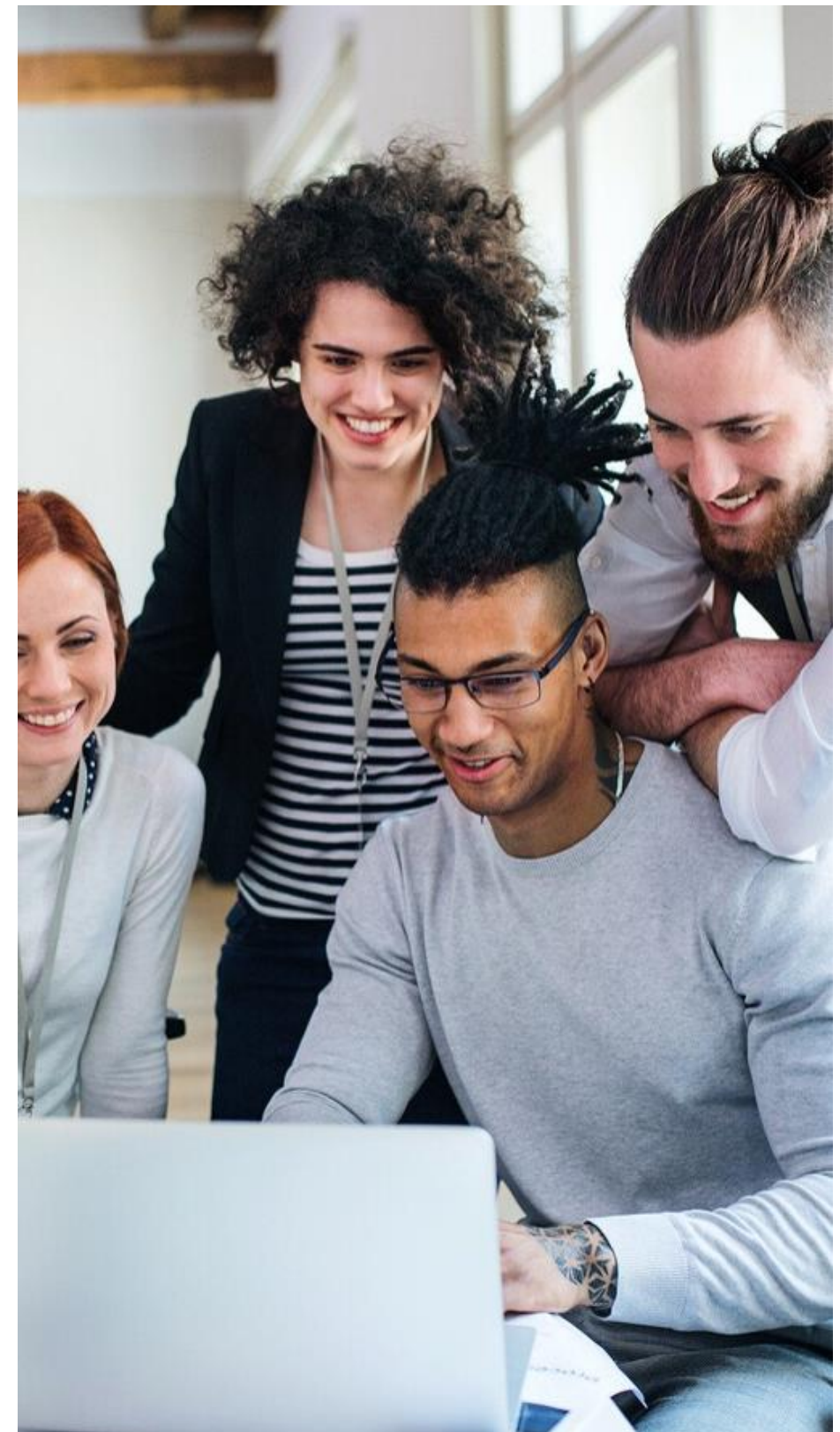


January 13, 2021

About MAS



- **Management Advisory Services (MAS) offers *pro bono* consulting services for non-profit organizations (NFPs), based on the extensive knowledge and expertise of Volunteer Consultants**
- **MAS does not charge fees for its services but accepts donations - all Consultants' time is donated.**
- **For more than 25 years, MAS has worked collaboratively with over 1,300 non-profit organizations in the Greater Toronto Area.**
- **Clients have ranged in size from very small – 2 to 3 people working out of church basements – to major, high profile social service agencies.**



About Brian Traquair

- Brian joined MAS as volunteer consultant in 2017 and he now leads the Finance practice.
- Brian is a retired software industry business executive with board and officer experience with several non-profit organizations as well as assignments with MAS.
- Brian brings experience in strategy, governance, management, organization, process, leadership, finance and technology.
- Brian is Chairperson of CODE (www.code.ngo), Treasurer and Director of Runnymede United Church (www.runnymedeunited.org) and has served in a variety of not-for-profit organizations for 20+ years.



Organizational Sustainability In a Crisis

Introduction

Introduction – Purpose and Learning Outcomes

Purpose

- Provide ideas and tools for not-for-profit leaders to build a sustainable organization that can endure during times of crisis.

Learning Outcomes

- The value of scenario planning and agility.
- How to look at finances and build sustainability.
- The management perspective during organizational stress.
- The increasing importance of digital transformation.

Introduction – The Current Covid-19 Crisis

- Delivery of in-person services have been severely curtailed.
- Rotating lockdowns have created unpredictability.
- At least 20% of Ontario NFPs have closed since March 2020.
- Many NFPs have suffered 30% to 50% revenue reductions.
- Grants and government charity programmes are under pressure.
- Offices have closed and staff reductions are everywhere.
- Reserve funds have been depleted and balance sheets are weak.
- Management, staff and volunteers are tired and frustrated.
- Leaders are under pressure to find a path to the future.

Introduction – Seminar Approach

- If you are attending this seminar, hopefully it means your organization survived the first year of Covid-19. Well done!
- We hope this seminar will add to the lessons already learned and help you chart a course through and beyond the pandemic.
- Our format is a 90-minute webinar followed by a separate learning exchange session on a different day for a real Q&A opportunity.
- If we have time, we will take questions today as well.
- As with any seminar, we are trying to meet you where you are. We expect you will find some ideas are new while others are well known to you. If you dig into each topic, you may find you can take yourself to a new level.

Introduction – Principles of Navigating through a Crisis

- ACT NOW to Protect and Run the organization
 - PLAN NOW to Adapt and Prepare for the future.
1. Manage the Crisis
 - Minimize the impact on staff and beneficiaries
 2. Protect the Organization
 - Manage cash and adjust operations to preserve the organization
 3. Adapt the Organization
 - Learn and build plans to adapt for future scenarios
 4. Prepare for the Future
 - Develop the strategy to sustain and grow future impact

Our focus is on priorities and techniques for the medium term.

Introduction – Seminar Format

- Our learning is structured into four modules today:
 1. Scenario Planning
 2. Financial Forecasting
 3. Management
 4. Digital Transformation
- Each module will have about four topics, of varying length.
- At the end of each module, we will do two online polls to checkpoint our progress.
- The seminar will be recorded for future viewing and we will make the slides available to participants.

Organizational Sustainability in a Crisis – Seminar Structure

Module 1 Scenario Planning	Module 2 Financial Forecasting
a. Why?	a. Why?
b. What is it?	b. How do we do it?
c. How do we do it?	c. Process
d. Usage	d. Tips
Module 3 Management	Module 4 Digital Transformation
a. Leadership	a. Strategy
b. Challenges	b. Capability
c. Getting Help	c. Technology
d. Mental Health	d. Process

Organizational Sustainability In a Crisis

Module 1 – Scenario Planning

a. Why?

b. What is it?

c. How do we do it?

d. Usage

Scenario Planning – Why? – Introduction

Hope is not enough, especially in a crisis.

- ❑ You need to analyze your situation and act.
- ❑ Organizations and people need leaders to be fact based and to look carefully at the threats and opportunities ahead and make plans.
- ❑ In a crisis, this need is magnified and accelerated.
- ❑ Scenario Planning is a powerful tool for proactive strategy development in a crisis.
- ❑ In this module, we will describe Scenario Planning step by step to give you a first look at this tool.

Scenario Planning – Why? – In a Crisis

In a crisis, much may be unknown, which makes planning with certainty impossible.

- ❑ Traditional strategic planning looks at the environment, the organization and makes a plan.
- ❑ **A better answer in a crisis is Scenario Planning.**
- ❑ Look at two aspects of the world around you:
 - The most important factors for your NFP.
 - The most uncertain factors for your NFP.
- ❑ Then identify the intersection and look at potential scenarios. Let's learn more ...

Scenario Planning – Why? – Applications

- ❑ There are **four different purposes** for scenario planning, and all of them have application within a crisis for not-for-profits (NFPs).
- ❑ In a focus on strategy within a crisis, all of these aspects can come into play:
 1. Setting strategic direction
 2. Catalyzing bold action
 3. Accelerating collaborative learning
 4. Alignment and visioning

Scenario Planning – What? – Summary

- ❑ Identify the **two external factors** that are the MOST uncertain and MOST important to your NFP.
- ❑ Create descriptions of the four **combinations** of good and bad for each. See below for a grid.
- ❑ Make a plan on how to deal with **each** scenario so that you are prepared.
- ❑ The goal is not prediction but **preparation!**

Factor one - Good	Good – Bad	Good - Good
Factor One - Bad	Bad - Bad	Bad - Good
	Factor Two – Bad	Factor Two - Good

Scenario Planning – What? – What are Scenarios?

Scenarios are stories about how the future might unfold for your organization.

- ❑ Scenarios are not predictions but instead are provocative and plausible stories about diverse ways in which relevant issues might evolve.
- ❑ Because scenarios are hypotheses, they are created in sets of **multiple stories, usually three or four, that capture a range of futures, good and bad, expected and surprising.**
- ❑ Scenarios are a medium through which outcomes and change can be envisioned.

Scenario Planning – What? – Guiding Principles

□ Long Term View

- Scenario thinking requires looking beyond immediate demands and peering far enough into the future to see new possibilities, asking “What if?”

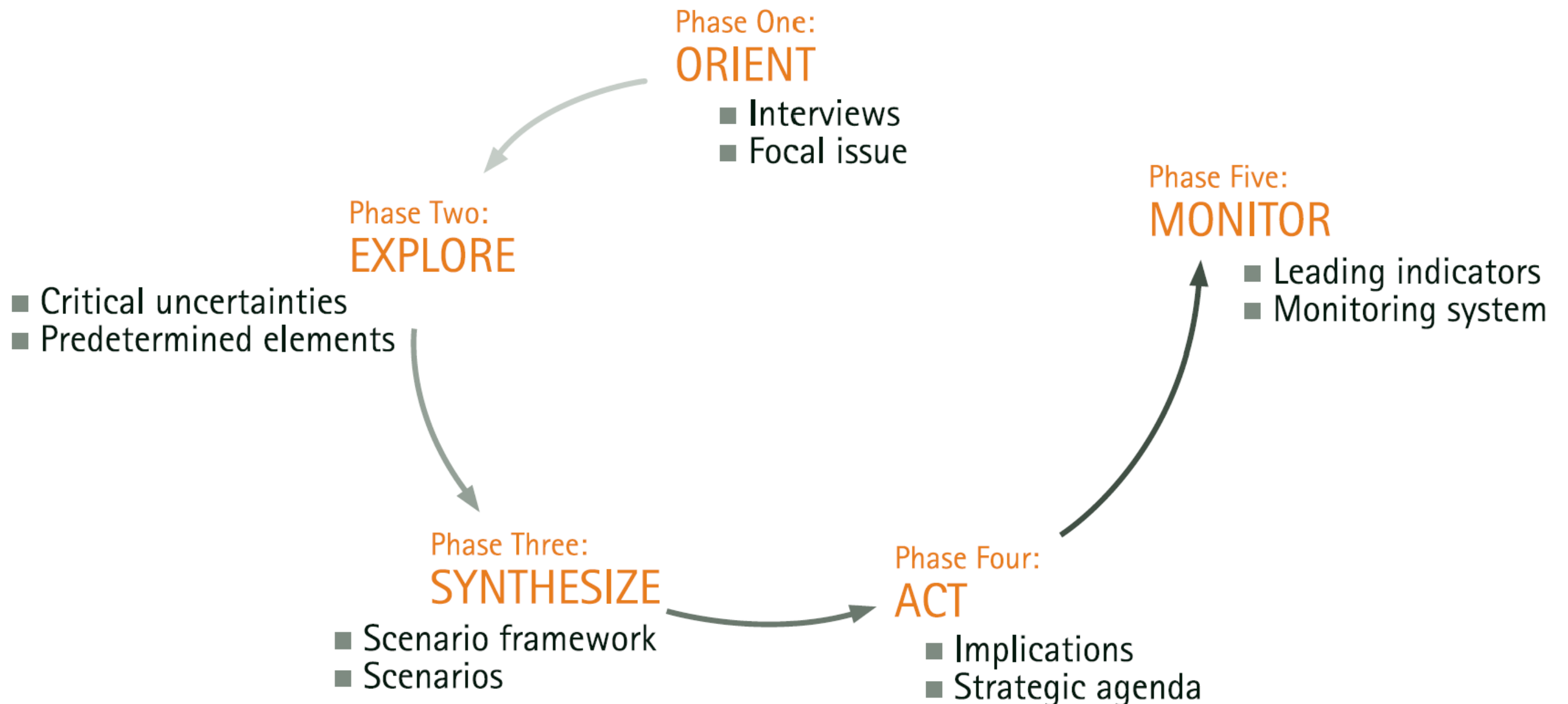
□ Outside-In Thinking

- Analysis begins with pondering external changes that might, over time, profoundly affect your work.

□ Multiple Perspectives

- Diverse voices shed new light on your strategic challenge—helps you understand your assumptions about the future, as well as those of others.

Scenario Planning – What? – 5 Phase Process



Scenario Planning – How? – Questions

If you could have any question about the next 5 years answered, what would you want to know?

- What do you believe is predetermined for the next 5 years?
- If you looked back from 5 years hence and told the success of your NFP, what would be the story? Why?
- If you looked back from 5 years hence and told the failure of your NFP, what would be the story? Why?
- What are the most important strategic issues/decisions for your NFP on the immediate horizon?

Scenario Planning – How? – Brainstorming

Brainstorm as a team to create a list of driving forces.

- ❑ Look beyond the pressures that dominate your work on a daily basis and seek out those forces in the broader world that could have an unexpected impact.
- ❑ Driving forces can be either “predetermined elements” or “uncertainties”.
- ❑ Examples of **predetermined elements** can be population demographics, geographic coverage or sector structure.
- ❑ Examples of **uncertainties** can be duration of a pandemic, rate of economic recovery, funding levels, government grants, donation levels and so on.

Scenario Planning – How? – Synthesize

Prioritize your driving forces according to:

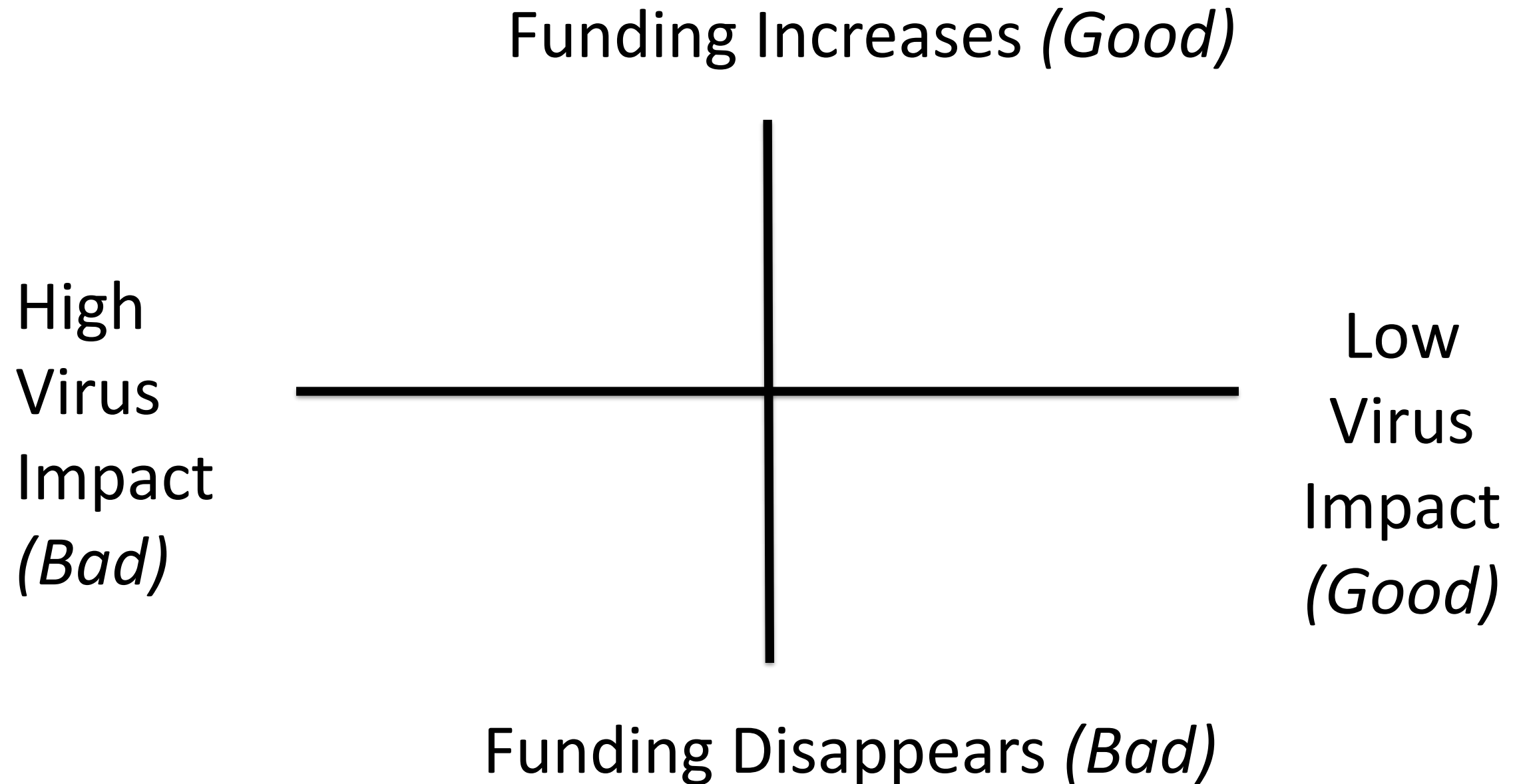
1. The **importance** to the focal issue or question
 2. The degree of **uncertainty** surrounding those forces.
- ❑ The goal of prioritization is to identify the two or three driving forces that are most important to the focal issue and most uncertain.
 - ❑ These driving forces are your “critical uncertainties,” and they will be the foundation of your scenario set.
 - ❑ The simplest way to create scenarios is to **picture these critical uncertainties on axes** that frame a range of the extremes in the timeframe.

Scenario Planning – How? – Narratives

Develop scenarios into narratives.

- ❑ Now that you have a scenario framework, you can develop your scenarios into narratives—short stories that begin in the present and end in the future.
- ❑ A well written story can quickly capture a lot of complexity and leave a lasting message with the reader. It helps the audience if they are dramatic but not an exaggeration of the downside or upside.
- ❑ After developing several stories, study, refine, and deepen them until you arrive at a set of four divergent, plausible, and challenging scenarios that are relevant to your NFP.

Scenario Planning – How? - Axes Example



Scenario Planning – How? – Discussion

Discuss the scenario combinations with your team.

- You now have a grid with four scenarios, each with a written narrative.
- These can be discussed by the management team, the Board or other stakeholders to educate them on the risks and opportunities, and to begin the process of identifying potential decisions and actions.
- On the downside, look for ways to mitigate the likelihood and degree of the risk.
- On the upside, look for ways to accelerate seizing the opportunity.

Scenario Planning – How? – Plan

The goal is to have a written action plan per scenario.

- ❑ As management, you need to look at the factors and risks and make decisions that **reduce risk in all of the scenarios, since you cannot predict the future.**
- ❑ As you move forward, the likelihood of some scenarios may increase and others decrease, and you can begin to **move your emphasis to the more likely scenarios.**
- ❑ There is a reasonable tendency to focus on the scenarios with one positive and one negative, rather than on the both negative or both positive ones.
- ❑ Be sure you are being honest about your assessment. After all, none of us would have predicted 2020.

Scenario Planning – Usage – You Must Focus!

Success is linked to concentration of effort.

- ❑ In a crisis, it is easy to be overwhelmed in an attempt to fix all the problems, preserve all the programmes, keep all the staff and meet the needs of all stakeholders.
- ❑ **Management begins when you make a choice.**
- ❑ Determine what you can give up to keep what you really value as an organization and let that drive your thinking and your priorities.
- ❑ You may need to be bold, not incremental.

Scenario Planning – Usage – Buy In

The more people you involve in the scenario planning process, the more buy in you will get.

- ❑ There are tradeoffs in efficiency and time, but generally more involvement is better.
- ❑ You can begin with a small group to do some of the research and listing of potential factors and risks, and then expand when the discussion starts.
- ❑ **It is important that the Board be educated on the process and have input at each stage.**
- ❑ At some point, staff need to see the big picture.

Scenario Planning – Usage – Tactical Agility

Be flexible on your tactics.

- ❑ Having done scenario planning, focused your efforts and set a course, **do not get fixated on the “how” you get there.**
- ❑ New information arrives daily, and you need to adjust your approach, while keeping your end goal in mind at all times.
- ❑ A flexible approach needs to be propagated to and through staff to clients and partners so that can make local decisions appropriately.

Scenario Planning Quiz

1. What are the three (3) guiding principles to scenario planning?

Scenario Planning Quiz

2. What are four (4) key elements of scenario planning?

Scenario Planning Answer Question 1

1. What are the three (3) guiding principles to scenario planning?
 - a) Long term view
 - b) Outside-in thinking
 - c) Multiple perspectives

Scenario Planning Answer Question 2

2. What are four (4) key elements of scenario planning?
 - a) External factors
 - b) Driving forces
 - c) Narratives
 - d) Grid

Organizational Sustainability In a Crisis

Module 2 – Financial Forecasting

- a. Why?
- b. How do we do it?
- c. Process
- d. Tips

Financials offer guidance

- ❑ Long-term sustainable operations and growth was everyone's mantra until the Covid-19 crisis (and past ones).
- ❑ Now the focus for most NFPs is surviving to be there next month and next year.
- ❑ With a good forecasting process, you will have a **lamp to light the way.**
- ❑ This module will describe the elements of forecasting and how it can help build resilience.

Planning assistance

- ❑ Financial sustainability arises from regular sources of funding, controlled expenses, reserves for rainy days and a financially astute management team and Board.
- ❑ **Financial forecasts give “high beams” to see the issues early;** act on them to preserve the future.
- ❑ In combination with scenario planning, forecasting enables a NFP to see the financial risks and take steps to mitigate or seek alternatives in advance..

Financial Forecasting – Why? - Benefits

Financial forecasting benefits

- ❑ Gives you projections so that you can see future potential shortfalls in funding or cashflow.
- ❑ Forces you to **analyze what factors drive your financials.**
- ❑ Enables you to learn what matters financially, and what is just noise.
- ❑ Spurs creativity on solutions.
- ❑ Enables you to communicate with the Board, staff and stakeholders on financial matters.

Protecting your NFP

- ❑ **Measure your “runway” – how long you can operate without new revenues, including use of some of the reserve fund.**
- ❑ Evaluate likely scenarios based on external factors such as grants, donations and fees.
- ❑ Better understand income and expense by fund and programme.
- ❑ Model the impact of potential decisions on programmes, staff and expense structure.

Excel and Focus

- ❑ Unless you have a sophisticated internal financial system, use Excel to run your forecasting process. It gives you the flexibility and reporting needed.
- ❑ **Get the forecast onto one page** so you can see it. This can be done for any NFP!
- ❑ Narrow your analysis to no more than 5-7 sources of revenue, and the same on expenses – no more than seven lines. Put the rest in “other”.
- ❑ Put your prior year financials in this format, by month and by quarter, and add your actuals YTD.

Simplify through grouping

- ❑ Group your revenues and expenses in such a way that the **items in any bucket will move up or down in similar ways**. Otherwise, separate them.
- ❑ Make sure that any major grant, donor or service that makes up more than 10% of your revenue is separately identified.
- ❑ For expenses, make sure you have one or more lines for staff expenses, as these are vital. Add a line for potential wage subsidies.
- ❑ Include rent and other major expense lines.

Describe the drivers

- ❑ Once you have simplified, write a short note describing the assumptions for each line.
- ❑ Speak to how you see each revenue or expense varying based on circumstances.
- ❑ Identify which items are stable and understood, and **which ones are under stress and are likely to vary based on the environment or the crisis.**
- ❑ Determine which income or expense items can be controlled or influenced by your actions.

Scenarios

- ❑ The key to reforecasting is scenarios. (The same principle as in Scenario Planning.)
- ❑ In times of uncertainty, you cannot know what revenues will come in, when you can reopen services, what donations can be expected, what savings are possible, what government programs may help and what new expenses will materialize.
- ❑ It is therefore critical to **make some assumptions** of bad and good outcomes and **evaluate the impact** both individually and collectively.

Materiality and testing

- ❑ You cannot vary everything in your scenarios.
- ❑ Find the variables that are **material** to your NFP and focus your analysis on those areas.
- ❑ Think about what might happen, what you can do, and **model those combinations**.
- ❑ Evaluate and test the downside more than the upside. And **push yourself to be pessimistic**.
- ❑ Do not be afraid to change the model as you learn how things interrelate or receive new facts.

Team communication

- ❑ Communicate often and openly with your management and stakeholders, including Board members.
- ❑ Do not wait for a final answer before communicating. Instead bring people with you as you examine risks and potential solutions.
- ❑ Your organization will learn faster and be able to react better as a team if everyone has a financial context.

Financial Forecasting – How? – Government Aid

- ❑ Make the time to **investigate** government assistance programmes, federal and provincial and include them in your forecast.

- ❑ Here are some examples for Covid-19:
 - ❑ CEWS (Canada Emergency Wage Subsidy)
 - ❑ CERS (Canada Emergency Rent Subsidy)
 - ❑ CEBA (Canada Emergency Business Account)
 - ❑ Ontario rebates for property taxes and energy bills
 - ❑ Ontario employer tax relief

Financial Forecasting – How? - Summary

Summary approach

- ❑ Forecast, monthly for 6 months forward and then quarterly for the next 2 years, and then annually.
- ❑ **Concentrate on the largest and/or the most variable items and ignore the rest.**
- ❑ Do your best to identify the “drivers” of each income or expense item (ex. grant applications, project work completed, attendees, ...)
- ❑ Ensure full allocation of shared expenses to programmes before making decisions.
- ❑ Act on what you learn from your forecasting!

Data sources

- ❑ Much of your input data for your forecast will come from your financials.
- ❑ You also need to get context, predictions and concerns from fund-raising, operations, your programme administrators, your government liaisons and from major donors.
- ❑ Check your data and **have others check it for you.** It is frustrating to do a lot of work on bad data.
- ❑ You should caveat any data which is purely a guess or is not understood well.

Iteration is important

- ❑ Successful forecasting process requires iteration.
- ❑ Amassing data and then doing just one prediction is worse than useless as it creates an impression of certainty that does not exist.
- ❑ Make sure you allow enough time to run various scenarios and get subject matter experts in your NFP to look at them and give feedback.
- ❑ **Each iteration will improve your understanding, the likely accuracy and clarify the dependencies and assumptions.**

Excel hints

- Label all your input cells (ex. pale yellow highlight)
- Avoid complex formulae.
- Have as many words as numbers.**
- Show negatives in red to help readability.
- Round your numbers to their likely accuracy, to avoid a false sense of precision.
- Show both dollar change and percentage change.
- Use multiple tabs for different data, to avoid confusion and crowded spreadsheets

Balance sheet context

- ❑ Most of forecasting is about income and expense.
- ❑ **Start and end points are balance sheet assets and liabilities.** What unrestricted funds are available?
- ❑ It is important show money from restricted grants not yet spent as liabilities, which are not available.
- ❑ Monies set aside as reserves (from unrestricted funds) also need to be separately identified.
- ❑ Year-to-year amortization of fixed assets are not usually important for forecasting.

Reserve Fund treatment

- ❑ A reserve fund should contain 3 to 6 months of operating expenses. Given Covid-19, many of these reserves have been reduced or depleted.
- ❑ Be sure to **maintain the minimum required for an orderly shutdown** in reserve or equivalent accounts, no matter what.
- ❑ Build up reserves whenever you can.
- ❑ When showing financial status, make clear how much is segregated for reserve requirements.

Financial Resilience – Tips – Pulling Back

Pull back now to recover later.

- ❑ Crises move through phases, and it is often difficult to predict when recovery begins and how long it will take.
- ❑ **Conserving cash and staff resources now, suspending some programmes, reducing staff temporarily, can all lead to a greater chance of survival and eventual recovery.**
- ❑ It is important to be transparent about your plans and to have flexibility in timing.

Partnership strategies

- ❑ Think about partnerships as a way of reducing overlapping expenses and improving capability.
- ❑ Joining forces with another NFP can eliminate duplication of effort and potentially provide ways for each organization do to what it does best.
- ❑ Partnerships can also lead to potential mergers.
- ❑ **Mergers are difficult** as they involve identity, politics and challenging decisions, but they can also create a stronger, viable and sustainable NFP.

Financial Forecasting Quiz

1. What are three (3) reasons to do financial forecasting?

Financial Forecasting Quiz

2. What are four (4) key elements of forecasting?

Financial Forecasting

Answer to Question 1

1. What are three (3) reasons to do financial forecasting?
 - a) Learning financial drivers of your NFP
 - b) Spur finding solutions
 - c) Seeing potential shortfalls in advance

Financial Forecasting

Answer to Question 2

2. What are four (4) key elements of forecasting?
 - a) Scenarios and iterations
 - b) Grouping line items
 - c) Documenting assumptions
 - d) Team communication

Organizational Sustainability In a Crisis

Module 3 – Management

a. Leadership

b. Challenges

c. Getting Help

d. Mental Health

Management – Introduction

- ❑ Leadership is always a differentiating factor in the long run viability and sustainability of charities.
- ❑ **It takes courage to confront a crisis** and the rapid onset of unexpected changes and problems.
- ❑ It takes strength and energy during the marathon of recovery and renewal.
- ❑ This module speaks to the role of management in surviving a crisis and adapting for long term sustainability.

Management – Leadership – Focus

☐ Focus on Impact!

- ☐ Balance urgent with strategic.
- ☐ Align your spending to areas of impact for clients.

☐ Innovate!

- ☐ Rethink how to deliver (as you have been!)
- ☐ Streamline and virtualize.

☐ Partner and Collaborate!

- ☐ Acquire new expertise and reduce duplicate costs
- ☐ All the way to merger if appropriate.

➤ Leadership Matters!

- ☐ What you do, what you decide, what you say, how you act ...

Management – Leadership – Challenges

Every NFP has its own challenges. Some examples:

- ❑ Being reliant on external sources of funding, such as government grants, that are cut back.
- ❑ Depending on marketing to promote programs, but branding considerations are often overlooked
- ❑ Not providing donors with up-to-date information about an organization's operations and finances as a way of ensuring return on their investment.
- ❑ Low-income communities struggle to raise funds, as few community members have the means to contribute financial support to nonprofits.

Determining the challenges at your NFP.

Look at the most important vulnerable aspects of your NFP and identify your biggest challenges in sustained operations.

- Grant and/or donation dependency?
- Marketing gaps?
- Programme delivery obstacles?
- Mission overlap with other NFPs?
- Inadequate staffing and/or volunteers?
- Insufficient reserves and assets?

Management – Leadership – Solutions (1)

Generate ideas to address challenges. For example:

- ❑ Innovative fundraising techniques, such as giving circles and fostering relationships with investors, can help to address financial challenges.
- ❑ Clear, consistent marketing and branding will help communicate a nonprofit's social mission to funders and the community in which it resides.
- ❑ To minimize competition for funding, form collaborations with other organizations that have similar goals to share bigger awards.

More ideas:

- ❑ Engage in evaluation activities that outline financial and programmatic outcomes as a result of funding support. This demonstrates accountability and the value of a nonprofit's operations to funders and investors.
- ❑ Engage community board leadership and a system of community volunteers. This provides a resource of varied experiences while bringing a sense of ownership to the community.

One of the places you can seek help is MAS!

- ❑ We offer advice and consulting on strategy, finance, fund raising, IT, HR, marketing, governance, mergers and other areas.
- ❑ Sustainable solutions require a breadth of experience in many disciplines, and you should take advantage of free advice when you can.
- ❑ This can range from a few meetings to a multi-year series of projects, as needed.

Management – Getting Help – Sector Help

There are a number of government and NFP resources available. This is just a partial list:

- ❑ OCASI (www.ocasi.org)
- ❑ Imagine Canada (www.imaginecanada.ca)
- ❑ Canada Helps (www.canadahelps.org)
- ❑ Charity Intelligence (www.charityintelligence.ca)
- ❑ Ontario NonProfit Network (www.theonn.ca)

Financial skills matter

- ❑ Sustainability requires a solid financial base, both in operations and future planning.
- ❑ Many NFPs lack accounting, budgeting, forecasting, planning and finance expertise.
- ❑ Bookkeeping can be outsourced but each NFP needs an employee or volunteer who can own Treasurer or CFO responsibilities.
- ❑ **Build a finance team** that you can trust and that can evaluate risks and opportunities in support of the ED and the Board.

Fund raising is competitive

- ❑ It is obvious that funding is vital to the long-term sustainability of every NFP.
- ❑ Income may be government grants, donations, foundation grants, services and contracts.
- ❑ Sustainable success depends on dedicated attention, planning and flexibility to seek new methods when normal methods no longer work.
- ❑ **Building a fund-raising function** and team is critical. Dedicated professionals can substantially increase performance.

Board Support

- ❑ Your Board can provide a great deal of experience in times of crisis, and they should be more involved to support management.
- ❑ Board members may have large networks and can help find funding or expertise.
- ❑ As a sounding board or as decision making body, the Board needs to participate in strategy.
- ❑ The Board has **responsibility for risk management** and going concern decisions

Working remote impacts grow over time.

- ❑ Everyone has made the work from home adjustment for Covid-19 with varying difficulty. The long-term impacts are not yet clear.
- ❑ A sprint turned to a relay race and then a marathon, but **most organizations have not adjusted to long term at work-at-home.**
- ❑ For staff productivity and sanity, you need to set working hours, vacations and work/life divisions.
- ❑ It is also important to provide informal social time, mental health breaks and resources.

Dealing with staff reductions

- ❑ If the finances dictate cutting staff costs, do not wait too long to reduce staff as it puts the organization at risk and increases stress for all.
- ❑ Apply for and exhaust wage subsidies first and use your forecasting to determine actions are needed.
- ❑ Taking a little bit from everywhere tends to leave staff and clients dissatisfied. **Better to choose, fund what you can and stop the rest.**
- ❑ Have a fair process with good communication.
- ❑ Provide support for departing staff.

Role flexibility

- ❑ Do not get stuck on job descriptions.
- ❑ **People's abilities often go well outside your experience with them.**
- ❑ Let people take on multiple roles as you contract the work force but be intentional about it.
- ❑ Be clear on what happens when you exit the crisis, otherwise staff will feel it is unfair.
- ❑ Communicate needs, thank contributors.

Management Quiz

1. What are three (3) critical management priorities in a crisis?

Management Quiz

2. What are four (4) sources of help for NFPs?

Management Answer to Question 1

1. What are three (3) critical management priorities in a crisis?
 - a) Focusing on impact
 - b) Innovating
 - c) Partnering

Management Answer to Question 2

2. What are four (4) sources of help for NFPs?
 - a) Board of Directors
 - b) Government agencies
 - c) NFP sector agencies
 - d) MAS

Organizational Sustainability In a Crisis

Module 4 – Digital Transformation

a. Strategy

b. Capability

c. Technology

d. Process

Digital Transformation – Introduction

- ❑ NFPs have historically under performed in digital capability, due to under investment, demographic gaps and lack of knowledge.
- ❑ The Covid-19 crisis has shown the importance of digital capability for organizations of all types.
- ❑ Digital / online capability creates options and increases organizational resilience in a crisis.
- ❑ We will walk through strategy, capabilities, technology and process at a summary level.

Trends impacting consumers and businesses are also relevant for NFPs:

- Cloud computing and real time data ubiquitous
- Rise in content of all types, especially video
- Increase in social online groups (formal, informal)
- Person to person communication
- Changes in fund raising (crowd funding for instance)
- Mobile devices everywhere
- Online giving growing quickly, including from mobile

Digital Transformation – Strategy - Digital

A digital transformation requires a digital strategy:

- ❑ To be impactful, you must look at your NFP strategy through a digital lens.**
- ❑ Digital is not just a how, it is a what, and must be driven by your vision and mission.**
- ❑ You need to identify digital opportunities you can execute on to increase your sustainable advantage.**
- ❑ To be effective, your digital strategy outcomes must be integrated with your management, staff, volunteers, funders, donors and partners.**

Online acceleration!

- ❑ Covid-19 pushed the global online evolution ahead 3 years in just 3 months!
- ❑ Online presence is now fundamental as a learning and information tool. No not-for-profit can be successful now without a good website and social media strategy and presence.
- ❑ This means diverting dollars and time from other areas that **builds on this crisis-driven jump into a full digital transformation.**

Every NFP website needs to have:

- ❑ Streamlined donation pages – make it easy and fast, with immediate confirmation.
- ❑ Social media links to share content.
- ❑ Individual staff pages where possible so that visitors can connect with who is on your team.
- ❑ **Responsive design** that works on computers, tablets and most mobile phones.
- ❑ Financial transparency showing annual reports, impact of donations, success of campaigns, etc.

Social media is fast and cost effective and reaches an immense audience. To be effective:

- Post interactive content to **encourage engagement.**
- Include hashtags to increase your reach.
- Use visuals to drive website traffic.
- Check in daily and respond to questions.
- Make it easy for followers to donate.
- Schedule social media content in advance.

Digital Transformation – Capability – Funding

Online giving is growing at double digits per year.

- ❑ Ease of giving is becoming a critical differentiator, particularly for younger donors.
- ❑ The best sites **make giving easy**, whether once or for regular or monthly donations.
- ❑ Foundations and governments need to do due diligence and your website is critical to this, particularly at the initial stages.
- ❑ Use your website to try to donate, or to investigate, and decide what grade you give it.

Digital Transformation – Capability - Services

What people can do on your site/app matters.

- ❑ Not-for-profits that can empower their clients and partners to **do transactions online** will succeed where other will fail.
- ❑ This can range from joining mailing lists, online text or video chat to answer questions, all the way to course enrollment, services delivery and building community.
- ❑ Look at what corporations and other not-for-profits are doing and aim just as high.

Digital Transformation – Capability - Education

Every interaction is a learning opportunity.

- ❑ You want people to support and engage with your NFP, and to build a network.
- ❑ This starts with educating your audience, and your website and social media posts are vital.
- ❑ **Do videos if you can**, as that is the new standard.
- ❑ Even when looking for grants or government funding, videos and stories sway decision makers.
- ❑ Invest in content, experimenting and bringing your stories to a digital audience.

Digital Transformation – Technology - Components

Every NFP benefits from technology partners.

- ❑ Websites and email hosting is the starting point.
- ❑ Office tools (Microsoft, Google, others) are best done on a cloud platform which gives security.
- ❑ Hardware and software maintenance can be done by a vetted third party.
- ❑ Where possible, use subscription online software solutions for fund raising, accounting, HR etc..
- ❑ **Finding a person or firm to advise you is step #1.**

Use a third party to check your cyber security.

- Do an annual cyber audit** and act on their recommendations.
- Ransomware has become a big issue with NFPs.
- Almost all cyber crime relies on social engineering and tricking a staff member to open a bad email or click on a bad link. Do training and testing.
- While you need to be careful, with appropriate tools and training your NFP can safely navigate the digital world.

Digital Transformation – Technology - Search

Digital marketing is very sophisticated now.

- ❑ This includes ensuring you are found when people search, and also pushing messages.
- ❑ This means knowing what words people use when they are looking for your organization, and ensuring they are in your website. It starts with marketing awareness of your key messages.
- ❑ Try searching online to find the services you provide and **see if your organization comes up**. If not, there is work to do.

Digital Transformation – Process -Areas

Digital transformation touches all areas:

- ❑ Human Resources – hire people with digital skills
- ❑ Content – who is going to **write the daily, weekly and monthly content required?**
- ❑ Channels – how are you going to reach donors?
- ❑ Social – how will you use social networks?
- ❑ Technology – who will lead your technology evolution (likely hosted by vendors)
- ❑ Finances – how will you pay for the transformation and track the benefits?

Measure what is important.

- ❑ Good metrics or **Key Performance Indicators** will allow you to tune your services as well as see trends and respond more quickly than in the past.
- ❑ For example, knowing where people are going on your website and for how long guides web design.
- ❑ A dashboard or scorecard that taps into the output from your systems can change behaviour.
- ❑ When a crisis hits, you may see it earlier, and you will certainly be able to respond faster.

Digital Transformation – Process – Tips

- ❑ **Focus on culture and changing behaviour, and not on the technology.**
- ❑ It is an ongoing, continuing effort
- ❑ Bring people along – change management is key and senior management must be involved.
- ❑ Break your silos, as they are counterproductive.
- ❑ Do not rely completely on consultants.
- ❑ Communicate your destination and the benefits.
- ❑ Try to be agile and iterative.

Digital Transformation Quiz

1. What are three (3) trends that are driving digital transformation?

Digital Transformation Quiz

2. What four (4) elements are important as you implement a digital strategy?

Digital Transformation

Answer to Question 1

1. What are three (3) trends that are driving digital transformation?
 - a) Cloud computing
 - b) Increase in social online groups
 - c) Mobile devices everywhere

Digital Transformation

Answer to Question 2

2. What four (4) elements are important as you implement a digital strategy?
 - a) Culture change
 - b) Bring people along
 - c) Break your silos
 - d) Be agile and iterative

Organizational Sustainability In a Crisis

Summary

Summary – What Did We Cover?

Purpose

- Provide ideas and tools for not-for-profit leaders to build a sustainable organization that can endure during times of crisis.

Learning Outcomes

- The value of scenario planning and agility.
- The people perspective during organizational stress.
- How to look at finances and build sustainability.
- The increasing importance of digital transformation.

Summary – How has MAS Used This Principles?

Management Advisory Services

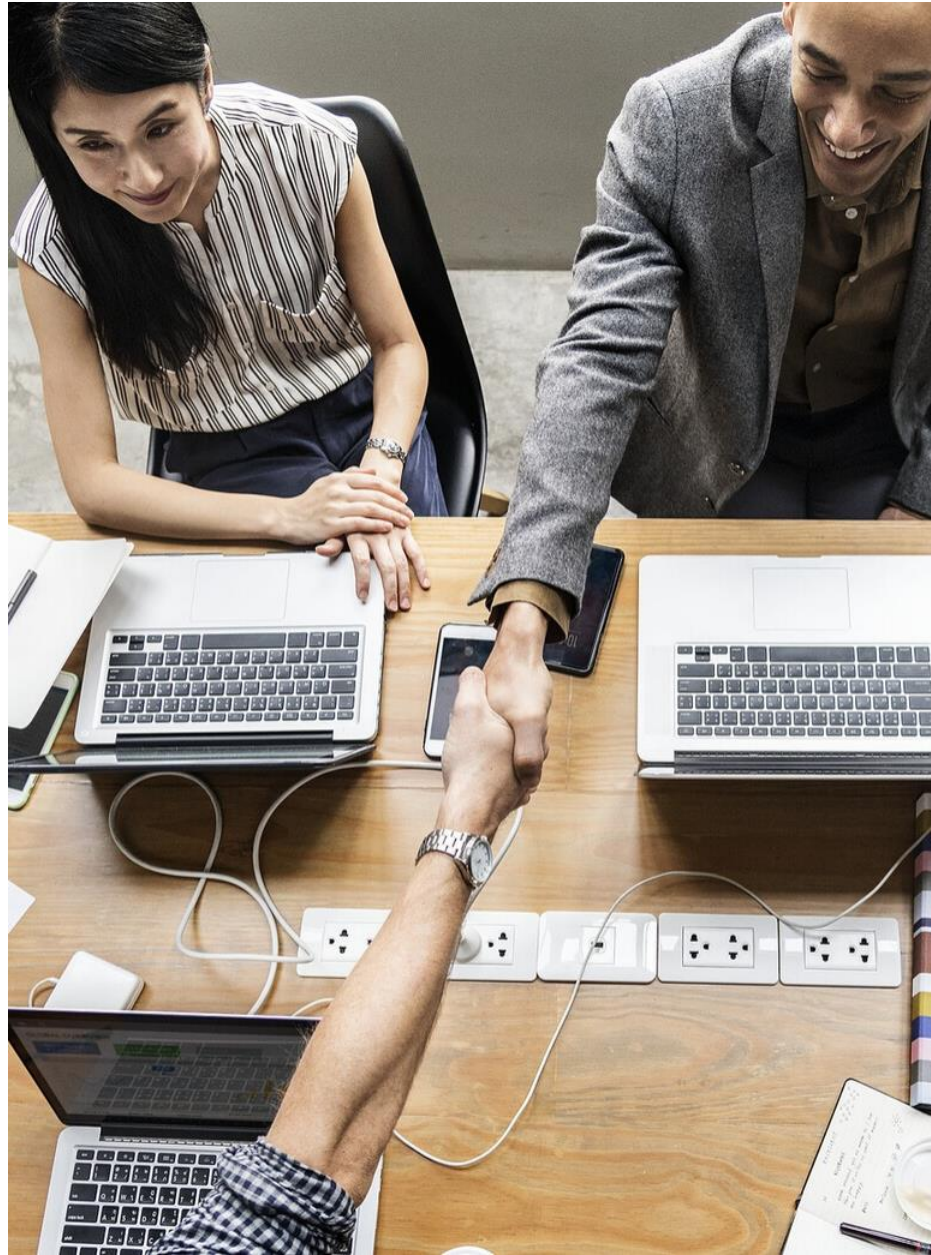
- Like all Not-for-Profits, we needed to react to the Covid-19 crisis.

Actions Taken at MAS due to Covid-19

- Took consulting virtual (adjust consulting process, train on video tools, greater emphasis and training on teamwork).
- Undertook research (surveyed NFP clients and volunteers, looked at the NFP sector, determined new priorities and constraints).
- Increased volunteer recruitment (breadth and number).
- Did strategic scenario planning exercise to create a 2021-23 action plan.

Summary – What's Next for Your Organization?

- ❑ Translation into action is always the test for leaders.
- ❑ Our goal today was to outline how to enhance the long-term sustainability of your not-for-profit.
- ❑ We encourage you to reflect on some of the ideas like scenario planning and financial forecasting and discuss them with your Board and your team.
- ❑ Do join the learning exchange session to ask questions.
- ❑ Reach out to MAS if you think we can help.
- ❑ The next steps are up to you ...



Management Advisory Services

<https://masadvise.org/>

Brian Traquair

brian.traquair@gmail.com

100

Thank you!

MAS 
Pro Bono Consulting for Non-Profits