NONPROFIT SUSTAINABILITY: LEARNING FROM GRANTEES AND BEST-PRACTICES LITERATURE

Patti Tototzintle, Casa de Esperanza
Melanie Ferris, Wilder Research
Claire Chang, BCBS of Minnesota Foundation

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OVERVIEW

Agenda

• BCBS of Minnesota Foundation
• Why Sustainability?
• Center for Effective Philanthropy’s Grantee Perception Report
• Learning from Literature and Grantee Partners
• Nonprofit Lifecycles Matter
• From Brainstorming to Action
OUR MISSION:
We make a healthy difference in communities by advancing health equity and improving the conditions where people live, learn, work and play.

OUR APPROACH:
We invest in communities experiencing significant health inequities through collaboration with grantee partners who have the greatest potential for impact.
STRATEGY 1: STRATEGIC GRANTMAKING

INVEST IN LASTING SYSTEMS CHANGE AND RESPOND TO EMERGING OPPORTUNITIES THROUGH A PORTFOLIO OF COMPETITIVE AND INVITED GRANTS.

HEALTHY START
EARLY EDUCATION

Funding opportunity $1M
Continuation grantees $400,000

HEALTHY CONNECTIONS
COMMUNITY SAFETY

Year 2 grants $1.4M
Invited grantees $200,000

ACCESS TO COVERAGE

Invited grantees $900,000
STRATEGY 2: COMPREHENSIVE APPROACH

SUPPORT GRANTEE SUCCESS AND ADVANCE THE FIELD THROUGH EVALUATION, COMMUNICATIONS, INFLUENCE, AND CAPACITY BUILDING.

HIGHLIGHTS
• Grantee-driven assistance in addition to grants
• Implement sustainability support plan
• Implement evaluation roadmap
• Expand advocacy in collaboration with enterprise policy and legislative affairs
• Grantee and cross-sector convening
• Communications to amplify grantee and Foundation successes
OUR GRANTEES ARE OUR PARTNERS

WE LISTEN TO MANY VOICES

WE BUILD DEEP RELATIONSHIPS

WE SUPPORT BEYOND GRANTS
Effective grantmaking practices that support nonprofit sustainability

New strategies for a new decade
Nonprofit sustainability is not a static target

- Sustainability is an organization’s ability to be effective in its efforts to **demonstrate mission-aligned outcomes over time**

- Sustainability requires:
  - Sound management and governance
  - A broad range of skills and competencies
  - The ability to evolve and adapt to external changes
  - Persistent rededication to achieving results
  - Organizational resilience
Key elements to nonprofit sustainability

**Mission-aligned leadership**
- Effective leadership style
- Entrepreneurship
- Board leadership

**Adaptability**
- Alignment with community needs
- Financial diversification
- Responses to external changes

**Organizational capacity**
- Operations infrastructure
- Staff skills, knowledge, and experience
- Organizational connectedness
Long-term sustainability

Organizational growth

Mission-aligned leadership
- Effective leadership style
- Entrepreneurship
- Board leadership

Adaptability
- Alignment with community needs
- Financial adaptability (diversified support)
- Responses to changes in the external social, political, and economic environment

Organizational resilience

Organizational capacity
- Operations infrastructure
- Staff skills, knowledge, and experience
- Organizational connectedness
Rethinking capacity building

The role of grantmakers in supporting nonprofit sustainability
There isn’t a best practice capacity building model to follow

Effective capacity building approaches are:

- Comprehensive
- Customized
- Competence-based
- Timely and readiness-based
- Peer-connected
- Contextualized
Examples of capacity building activities

Mission-aligned leadership
- Leadership development
- Board development
- Community needs assessments

Adaptability
- Evaluation and performance improvement
- Strategic planning
- Donor recruitment, management

Organizational capacity
- Human resource management
- Communications support
- Organizational network development
- Internal systems and processes
Best practice tips:

- Recognize that nonprofit organizations evolve and change.
- Align capacity building priorities with the organization’s lifecycle.
Best practice tips:

- Use a strengths-based, rather than deficit-focused capacity building philosophy
- Connect capacity building efforts to multiple forms of organizational capital

Capacity building efforts increase multiple types of capital and build organizational strength and resilience.
Best practice tips:

- Adopt practices that reduce grantee burden
- Clarify the appropriate grantmaker role
Challenges for grantmakers

- Overconfidence in understanding organizations’ needs
- Balancing flexibility with interest in achieving impact
- Difficult measuring impact of capacity building initiatives
- Grantee perceptions of capacity building assistance
Lifecycle Stages are posted around the room. Find one that interests you. In your group, chat about:

• How do you know nonprofits are at this stage?

• How has sustainability come up? (grantee themselves? assessment? PO?)

• What tools, support or resources have you found useful to nonprofits in this stage?
  □ Referrals to Articles, websites, Ted Talks
  □ Coaching by yourself or others
  □ Additional financial support specific to their need
  □ Advice to others working with grantees in this stage
Groups from each developmental stage shares:

• Your Organization’s Developmental Stage

• Your group’s big “ah-ha” about sustainability in your Developmental Stage

• Your best advice to other funders about how to support nonprofits in this developmental stage?
• What can MCF do to support Funders in helping nonprofits to sustain their work?

• What can MCN do to support Funders in helping nonprofits to sustain their work?

• What can MCF and MCN work on together to support nonprofits to sustain their work?