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The definitive [4] times per year source of philanthropic trends analysis in Canada

From 1999 to 2004, researchers at the Urban Institute's National Center for Charitable Statistics (NCCS)/Center on Nonprofits and Philanthropy and the Center on Philanthropy at Indiana University undertook a study with the goal of better understanding how nonprofits raise, spend, measure and report funds for fundraising and administration. The study was carried out in three phases: analysis of over 250,000 IRS Forms 990 (US equivalent to T3010 forms), in-depth case studies of nine organizations and 1,500 responses to a survey of U.S. nonprofits.

One area of particular interest was the effect of very low overhead on the ability of a charity to achieve its mission. To study this issue in depth, detailed discussions were conducted with nine organizations, ranging in size from under \$1 million to over \$40 million in annual expenditures from various fields of work, such as health, education, and the arts.

The study concluded that inadequate infrastructure compromised organizational effectiveness. The following are examples of the ways in which inadequate infrastructure negatively impacted organizational performance.

- Organizations' development efforts were hindered by inappropriate donor database software. One site described the unproductive downtime and frequent maintenance associated with "free" but mismatched, outdated computers.
- In agencies where key positions such as development director either did not exist or were filled with inexperienced staff, the CEO had to fill that role, thereby neglecting parts of the leadership role. Sites without experienced finance staff had only rudimentary financial reporting and had limited ability to involve program managers in financial management, perform more sophisticated analysis, or identify financial issues for board and senior management. Backup for key roles was nonexistent, leaving basic functions like payroll, benefits, and network support dependent on a single person in even the largest nonprofit with which they spoke.
- Low, noncompetitive salaries for administrative positions had consequences for effectiveness as well. While sites were sometimes able to find highly qualified people willing and able to work for below-market wages, this was not always possible. Key positions were often filled with junior people possessing little relevant training or prior experience, or long-term employees that grew up with the organization but who lack relevant professional training and credentials.
- End-of-useful-life facilities also have consequences. One example cited was a CEO who grabbed a push broom to sweep out the rain that was coming through the roof during an interview. There is an opportunity cost associated with situations like these, as in this instance the CEO was unable to use that time on other more important endeavours like thinking strategically about advancing the organization or fostering new relationships.

For more information on the study and its results, visit <http://nccsdataweb.urban.org>



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