

MYGAMEPLAN.ORG RISK NAVIGATION TOOL ASSESSMENT REPORT

A Report to the HCA Foundation on the Resiliency and Sustainability
Among a Sample of Middle Tennessee Nonprofits

Helping to
Build Efficient,
Sustainable,
and Resilient
Non-Profit
Organizations
Through
Market-Based
Assessments
& Solutions



About the Author of this Report

John Hilley is the Founder and Principal of Patmos LLC. John has been involved with nonprofit leadership as Director or by providing consultative services to nonprofits for over twenty years. He specializes in start-up and turnaround settings, providing analytical and coaching skills in building capacity and in the development of strategic alliances with organizations. He enjoys applying market-based solutions to non-profits to increase their efficiency, sustainability and resiliency. Linking this experience with the extensive need of nonprofits to become better at navigating in the current difficult economic climate, John was the lead creator of the Risk Navigation Tool. Not only working with nonprofits, he has provided business continuity management/disaster recovery planning across multiple sectors, including financial services companies, banks and healthcare. Some of his past work has included developing business continuity response, relief & recovery efforts across 10 Louisiana parishes post Hurricanes Katrina & Rita. His clients have been local, regional and national organizations, among them are several regional chapters of the American Red Cross. He holds degrees from Wake Forest University and Princeton Theological Seminary as well as undertaken post-graduate fellowship studies at the University of Cape Town, South Africa. <http://www.patmosconsulting.com>

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The Risk Navigation Tool is a product of Patmos LLC and has been created in association with Bonnventures LLC. This report was prepared for the HCA Foundation (Hospital Corporation of America) as part of a pilot project funded by the Foundation and was completed in partnership with The Center for Nonprofit Management.



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Secondly, Patmos would like to thank Lewis Lavine for his insights on the nonprofit field and to Ave Trotter also of The Center for NonProfit Management for her project management during the pilot phase. Special thanks are in order to the nonprofit leaders who participated in this project, serving as the initial users of the Risk Navigation Tool software. The participating non-profits are to be commended for being very willing participants, sharing what could be considered sensitive information and providing an honest disclosure of “this is where I am” to the nonprofit consultant and to the sponsoring foundation. They shared their information in good faith, using an innovative early stage business intelligence application in a pilot project that was presented to them as both a “work in progress” and as an effort to strengthen the larger nonprofit community. It is our hope that this report will serve to strengthen the nonprofit community in Middle Tennessee. Certainly, the insights provided by nonprofit leadership will go a long way in improving the functionality and effectiveness of the tool, and to the nonprofit leaders I express my gratitude.

Thirdly, I wish to thank the **MyGamePlan.org** team for their contributions, offering expertise in critical areas. For content related to financial management practices, I wish to thank David Maddox of RPM Associates. For content related expertise in the dramatically changing fundraising and communications world of nonprofits and for her

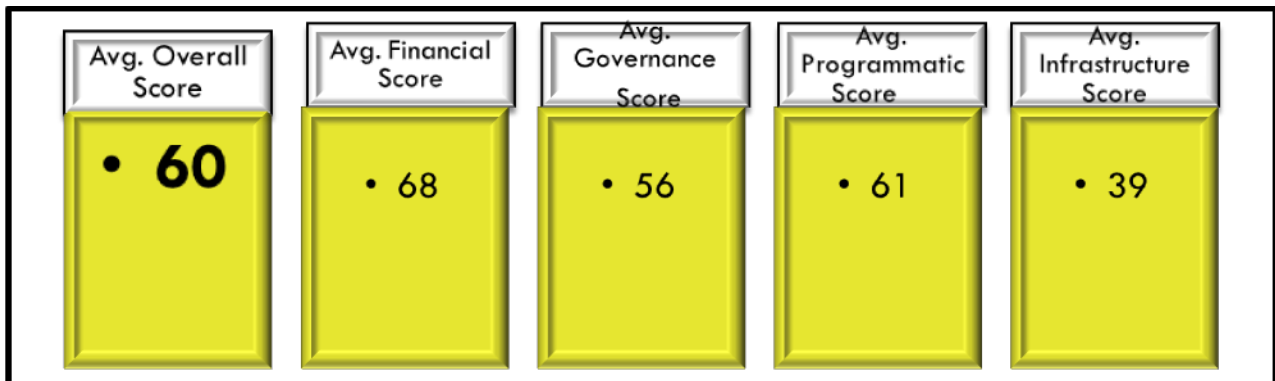
guidance and inputs, I thank Lori Bonn of Bonnventures LLC. And, finally, huge thanks are in order to Donald Thompson who served as designer and programmer of the software, patiently working with a neophyte like me who recognizes the possibilities that lie in using software to help organizations better understand their vulnerabilities and strengths so that they can better carry out their mission and serve their communities. It is this author’s hope that the participation and efforts of all those involved in the use of the software and the outcomes derived will help build a stronger sense of community and connectivity in the Middle TN nonprofit community, making them stronger and more resilient in the face of economic and environmental challenges.

EXECUTIVE SUMMARY:

During the month of April 2010 fifty-two nonprofit organizations participated in the pilot project using a software program designed specifically for assessing risk and addressing vulnerabilities, called the **MyGamePlan.Org Risk Navigation Tool**. The software leads users through a series of questions related to practices and processes that are important to have in place for the thriving, resilience, and survivability of a nonprofit. The software determines a “resiliency score” based upon how the organization’s answers compare to best practice benchmarks. Upon completion of the survey, a diagnostic assessment is assembled, providing a “resiliency score” and recommended action steps based upon the organization’s vulnerabilities. This action plan is aimed at helping the nonprofit recognize and react, strategically plan and prioritize next steps toward the goal of greater resiliency. Another aspect of the project involved compiling the individual organizational data into an aggregate report to be shared with the HCA Foundation and with the participating nonprofits and beyond towards the overall goal of helping organizations become more resilient and to better serve the Middle Tennessee communities in which we live and work.

It is not realistic to think that any one non-profit, nor the field as a whole, to score a 100 on this Tool’s Resiliency Index. As the tool covers *the waterfront* of what we believe are the critical areas that affect an organization and the scoring is calibrated to what are considered *best practices*, a high score is unlikely. A high score is also unlikely for the majority of nonprofits and the pool as a whole because this economic downturn has been difficult on Middle Tennessee nonprofits. The resiliency score for the aggregate of nonprofits reveals strain across a number of areas, but there is evidence of resilience and commitment on the part of nonprofits to revisit their strategic and fundraising development plans as well seek to control costs. Additionally, our report found that there are many opportunities to be shared in being transparent about what is working and what is not for Middle TN nonprofit organizations as they go through the evaluation and monitoring process.

The average overall score of the aggregate pool of the fifty participating organizations is 60 (60 out of a possible 100), placing the aggregate at the level of medium resilience. The average score across each of the four sub-sections (financial, governance and decision making, program, and infrastructure) are found below. The financial score is well above the other scores at 68 while the infrastructure score is the lowest at 39. Section III goes into greater explanation.



The word **Resilience** readily appears in literature on nonprofits and with good reason. With the economic downturn of the last two years, the nonprofit sector is facing conditions much more difficult than in years - past. What emerge from the data in these pages are both reasons to celebrate and reasons for concern. What we have found is a remarkable resilience in the organizations and their leadership that have either occurred during the last year or in expressed commitments for forward looking action in light of the findings presented to them in the diagnostic assessment of their organization. They express commitments to change practices following this pilot project, revising their strategic, communications, and fundraising plans; nurturing greater board engagement; calculating ways to monitor expense and control costs; and, consider partnership formations. At the same time, there are reasons for concern, particularly around long-term financial viability. Despite relatively high financial scores – due in part to the algorithms highly favoring days of cash, a question the majority of nonprofits scored well on – the relatively strong cash position mutes the concern that forty percent (40%) of the nonprofits reported ending the 2009 fiscal year with a deficit, 95% of the organizations are at medium to high risk in terms of expenses relative to revenue in the current year, and 92% of organizations are at medium to high risk in terms of revenue being on track to fall short of budget projections for the current 2010 fiscal year. When asked to look ahead, over 50% of organizations expect financial conditions to be the same or somewhat worse than current conditions. These findings are largely in line with a number of recent non-profit surveys conducted nationally, although reporting nonprofits in the Middle Tennessee project an anticipated worse year end completion. For instance, The Non-Profit Finance Fund 2010 State of the Sector Survey - with its 1,315 responses from across the country – 18% percent expect to operate above a “break-even” in 2010 compared to our pool’s response of 8% expecting a break-even result in 2010. While it needs to be noted that our pilot project had only fifty respondents (compared to over a thousand respondents), fourteen of the nonprofits in the pilot project are human service organizations who have been faced with increased demand for services driving up their expenses. That said, the reality remains with regard to financial viability: **nonprofits are outspending their revenue capabilities threatening their sustainability**. If expenditures continue to outpace revenues, then further fiscal strain may well be the reality and stress the current challenges to meet the growing demand for services from the community of which eighty percent (80%) of the organizations anticipate and report.

It needs to be noted that the Risk Navigation Tool software in its current version does not distinguish between small and large organizations in the questions that are asked and in the algorithms that provide the resiliency score. This “one size fits all” of the current version needs to be directly named here. The majority of small nonprofits do not have the financial resources, staff capacity, and time to put in place the processes and management practices many larger nonprofits have by nature of their size and financial reserves. It also needs to be noted that the “resiliency score” received by any of the nonprofits should not be regarded as punitive, but especially this should not be in the case of the small nonprofit or of its director. In this economic downturn, small nonprofits are hurting the worst, and staff anxiety is growing while having to do “more with less” and with a Board of Directors whose members are increasingly harder to engage (64% of organizations reported board engagement at levels below 50%).

For our purposes “**resilience**” is the capability of an organization to anticipate risk, limit impact, and bounce back rapidly through survival, adaptability, evolution, and growth in the face of turbulent change. The ability to *bounce back* is dependent upon the severity of the impact – whether it is the recent historic floods in Middle Tennessee or the loss of a major funder – the time it takes to recover, and the level of preparedness within an organization. Despite some troubling indicators related to board engagement, increased expenses relative to revenue and decreased revenue relative to budget, local nonprofits and their leaders are revealing a degree of resiliency in facing this downturn. Fifty-four percent (54%) of the aggregate pool have expectations that the financial situation six months from now will be “somewhat better” or “much better.” This sentiment reflects the optimism to be found among nonprofit leadership along with deep commitment levels to the mission and the organization’s customers and to do the best with what they have. The post-survey evaluations express commitments to change practices and improve the organization. Using the findings of the Risk Navigation Tool Report in strategic planning conversations among the Board received the second highest priority among possible choices. Another important outcome included a commitment by organizations faced with shrinking resources to focus on strengthening their organization’s case study and program impacts and give increased attention to telling their story, connecting it to their fundraising and communications efforts in order to increase revenue sources from current and prospective donors and stakeholders. The expressed commitment to take action is positive. If the ability to *bounce back* is dependent upon the severity of the impact, the maturity level of an organization’s preparedness, and the time it takes to recover, now is the time for action. With the current financial strain upon nonprofits well documented, and the concerning numbers related to financial viability and shrinking revenue sources, as more time elapses, many nonprofits will be weakened to the point that their ability to deliver on their mission will be severely threatened.

KEY FINDINGS:

Just as with any business, the nonprofit has to look at prioritizing and taking action on those areas that will yield the greatest return and will make their organization stronger. The value we hope individual nonprofits will find is in the prioritization of *next steps* that the report either identifies or illumines. Not only have the individual nonprofits been able to discern where their next steps may lead, as an aggregate the Risk Navigation Tool has provided some key findings for this pool of nonprofits. The following are just a few highlights gleaned from our Aggregate Report.

PATHS TO RESILIENCY AND SUSTAINABILITY:

- 1. Increased attention aimed at increasing board engagement.** Boards play a key role in navigating through difficult economic waters. Nonprofit leaders are looking for ways to make better use of this invaluable resource. Sharing information for strategic planning and fundraising development so that all stakeholders in the organization are on the same page, creates transparency and a united front to address challenges, takes advantage of opportunities and celebrates milestones and successes. Fundraising and increasing revenues is intricately linked to how an organization communicates both inside and outside

of the organization. *The resiliency index was very low in terms of levels of board engagement.* Data (see Figures 5 and 6) suggests that greater levels of board engagement are needed across the organizations just as the data supports the desire of nonprofit leadership to make better and greater use of the Board. Tools and assistance focused upon better communication with and greater engagement of the Board are needed.

- 2. Making a case for your organization is a key component for raising funds, finding collaborative partners, adding a volunteer workforce to help scale your mission and impact in your community.** More nonprofits are learning the importance of crafting their message through cause alliance marketing campaigns, using social media and branding techniques that deliver the story of their organization with great success in adding new sources of revenue and stakeholders to scale in a time when revenue sources are shrinking for many nonprofits. The mission and vision of an organization must be clearly articulated within an organization and intricately linked and aligned to each of the organization's operations. Specifically, marketing and development need to "Make the Case" and help the Board articulate it effectively, as well, the Board must be fully committed to helping in development, whether it is through time, treasure or talent. Social media plays a part in articulating the mission and impact of an organization. Financial viability determines whether opportunities can be advantaged or challenges met with new approaches.
- 3. Private/Public Collaborations and peer collaborations to increase revenue opportunities and lead to greater sustainability.** An opportunity to look at collaborative efforts with corporate partners. An opportunity exists to develop public/private partnerships to increase revenues. Many corporations genuinely want to partner with nonprofits because they know it is just good business and translates to the bottom line, their employees, and makes the overall community stronger as a whole. In terms of peer collaborations among nonprofits, seventy-six percent (76%) have a formal or informal process regarding the formation of partnerships in order to share services, build capacity, and cut costs. Such collaborative efforts should decrease costs and increase efficiencies and have identified metrics of what has changed internally and externally to the organization as a result of the collaboration. Organizations have largely built the decision making structure for collaborations; the opportunity exists for greater collaboration on administration and programs to better serve the Middle TN communities.
- 4. Regular Practice of Contingency/Scenario Planning.** This report is being prepared in the aftermath of historic flooding that swept through Middle Tennessee. Disasters and emergency preparedness are *top of mind*. Organizations posted a high resiliency level (1.58) index when asked if they had up-to-date business interruption plans in place detailing recovery actions should they be impacted by a disaster. Yet, scores begin slipping when asked follow-up questions about understanding what critical resources are needed and the back-up of data and documents -- concerns that are integral to any good business continuity plan. Emergency preparedness was overwhelming listed in the post-survey evaluations as being an immediate action organizations plan to undertake. It is clear the recent floods and their sudden devastating impact are driving this concern.

Nonprofits have a greater understanding now of the importance of preparedness and are encouraged to undertake planning steps that will help them better anticipate threats and mitigate against identified risks. Practices include established financial and management practices such as regular cash flow forecasting and scenario planning to anticipate the financial threats and other vulnerabilities. It is highly recommended that they develop more mature business continuity plans that establish: clear roles and responsibilities of staff; communication channels both internal and external to the organization; and, recovery checklists that will ensure the ability of the organization to recover should a devastating impact occur. In lean economic times, when the margins of time and finances are at a premium, it is essential for an organization to be better prepared *before* they are faced with an interruption, rather than “after” the fact.

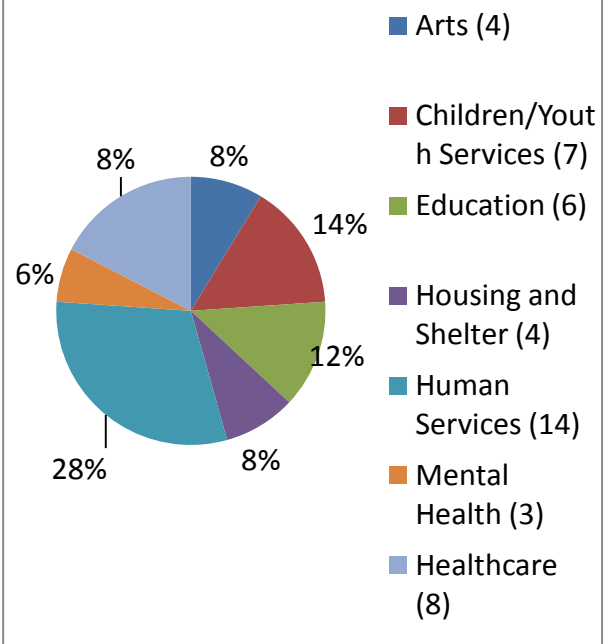
Many of the actions suggested in these findings may be wishful thinking without the continued support and even greater assistance of revenue supporters in their implementation. Several of the key findings relate to areas within nonprofit operations as *indirect costs* and are often regarded as “overhead.” Pressure from within and without the organization has been on nonprofit leadership to cut spending to weather the current recession. Addressing infrastructure needs - from staff having the skills necessary for better financial management practices to a human resource management plan that includes training to equip and retain qualified staff to greater use of communications including the use of social media to a business continuity plan - are unrealistic when nonprofits are decreasing already greatly reduced overhead spending in order to focus upon program delivery within the current landscape of increased demand for services and decreases in revenues. The data suggests many strategies that lead to greater resiliency and sustainability are not currently at adequate levels and it is our recommendation that needed solutions are not regarded as optional. The data also suggests that the desire among our committed and engaged nonprofit leaders is poised to implement such strategies, although the author wonders if leaders are feeling they cannot raise enough money to support what is regarded as “overhead.” The reality of the economic recession and the data that follows in this document underscores that nonprofits are struggling to raise enough money *period*. Funders and grantees are both feeling the sting of the current recession. The challenge and the opportunity for nonprofit leaders is to articulate a results oriented impact story that communicates how many of the strategies that build resilience and are identified in the diagnostic assessment by the Risk Navigation Tool directly benefit the organization’s beneficiaries.

I. Who Participated

Fifty two organizations (52) enrolled in the pilot project. At the time of preparing this report, fifty (50) organizations used the Risk Navigation Tool and completed a report. Participating organizations represented a broad cross-section of the sector.

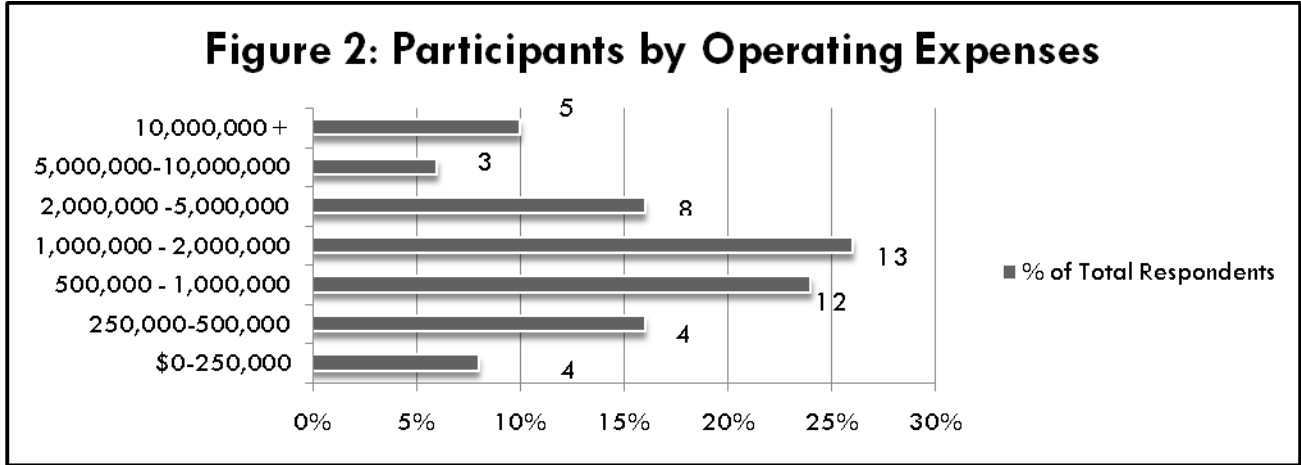
- Human Service nonprofits were the most represented (14) and comprised 28% of the field.
- Healthcare was the second most represented sector (16%) and those that self identified as Mental Health and Crisis Intervention comprised 6% of the aggregate.
- In the case, where nonprofits self-identified themselves as being the only one in their sector, they were listed in the category of “other” in order to protect revealing their score. The “other” category contains four (4) nonprofits.

Figure 1: Breakout of Participating Organizations by Sector



II. Participants by Operating Expenses

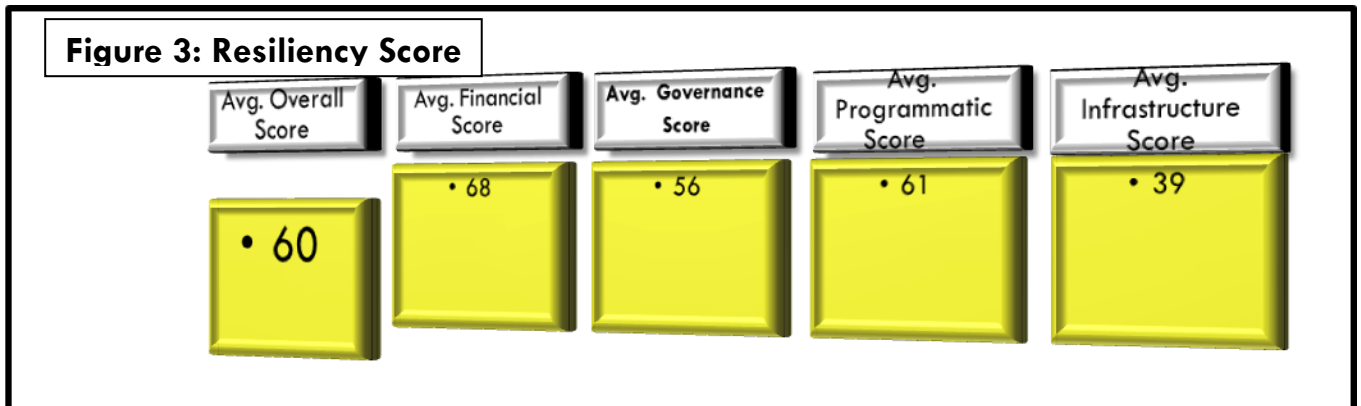
Sixty-six percent (66%) of the participants have operating expenses at \$2 million dollars or less. Sixteen (16%) have operating expenses less than \$500,000. Organizations with operating expenses of \$1-\$2 million had the largest representation at twenty-six percent (26%). The current version of the Risk Navigation Tool does not distinguish among large and small organizations that differ in their capacity of human and financial resources to employ practices that may lower their risks. (See Figure 2.)



III. Resiliency Score of the Pilot Project Pool and a Breakout of the Aggregate

Scores are established in reference to best practice standards across the nonprofit field (i.e. Boardsource, The Nonprofit Finance Fund, etc.). The Risk Navigation Tool provides extensive recommended action steps based upon the scores.

- An organization is regarded as having a low risk status and being more resilient to face current and future conditions if it receives a quantitative score of seventy-five (75) or higher. A **“green”** status is assigned to high resilient organizations.
- An organization is regarded as having medium risk and is medium resilient if it receives a score in the 26-74 range. A **“yellow”** status is assigned to a medium resilient organization.
- An organization is regarded as having a high risk status and having a low resilience if it receives a quantitative score of 25 or below. A **“red”** status is assigned to a low resilient organization.
- The average overall score of the aggregate pool of the fifty participating organizations is 60, placing the aggregate at the level of medium resilience. The average score of the four sections are found below. The financial score is well above the other scores at 68 while the infrastructure score is the lowest at 39. (See Figure 3.)



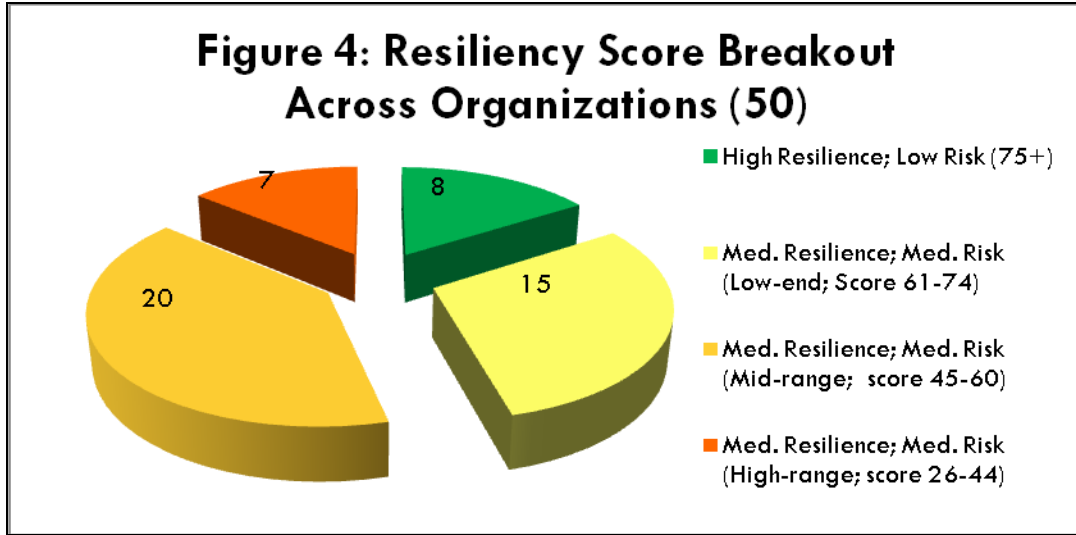


Table 1: Breakout of Pilot by Overall Score and Across Operational Expenses Range

	% of Pool	Avg. Overall Score	Avg. Financial Score	Avg. Organizational (Governance)	Avg. Program Score	Infrastructure Score
Fifty (50) Organizations		60	68	56	61	39
Less than \$250,000	8%	43	56	49	32	7
\$250,000 - \$500,000	8%	55	66	47	62	32
\$500,000-1,000,000	24%	60	69	61	54	36
\$1,000,000 -2,000,000	26%	60	69	51	63	45
2,000,000 – 5,000,000	16%	59	66	56	71	39
5,000,000 – 10,000,000	6%	71	76	66	77	57
10,000,000 – 20,000,000	10%	66	75	61	58	57
20,000,000+	2%	69	69	57	90	71

Analysis

- The smaller organizations are more likely to have a lower “resiliency score” across all focus areas. Smaller staff size, reliance on volunteers for program delivery and administrative matters, and the lack of financial capacity makes it difficult to dedicate attention to develop and maintain processes.

Table 2: Breakout of Pilot by Overall Score and by Sector

	Avg. Overall Score	Avg. Financial Score	Avg. Organizational (Governance)	Avg. Program Score	Infrastructure Score
Fifty (50) Organizations	60	68	56	61	39
Arts, Culture and Humanities	70	82	63	85	32
Children and Youth Services/Youth Devel.	50	54	55	60	23

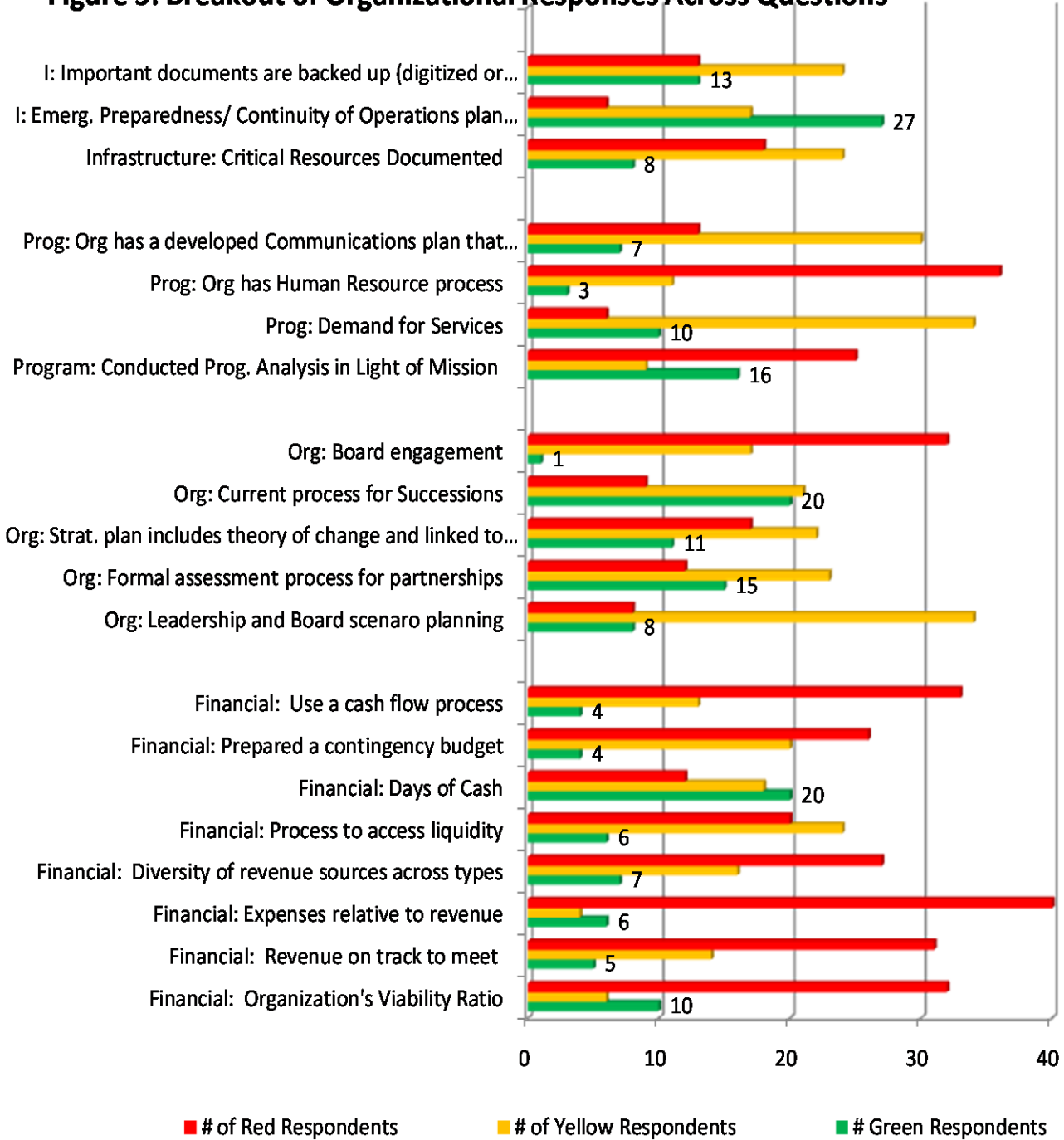
Community Improvement and Capacity Building	58	64	57	80	21
Education	57	71	50	52	59
Healthcare	64	71	58	61	59
Housing and Shelter	61	66	62	58	50
Human Services	60	68	57	56	43
Mental Health and Crisis Intervention	64	81	46	70	38
Public and Societal Benefit	49	62	43	60	7
Residential Care and Adult Day Program	55	71	40	40	50

Analysis

- Arts, Culture and Humanities had the highest overall average score (70) and were facing low risks in two of the four areas (financial and program). The average score for this sector was 10 points higher than the average of all of the pilot organizations.

IV. Resiliency Score of the Organizations By Question

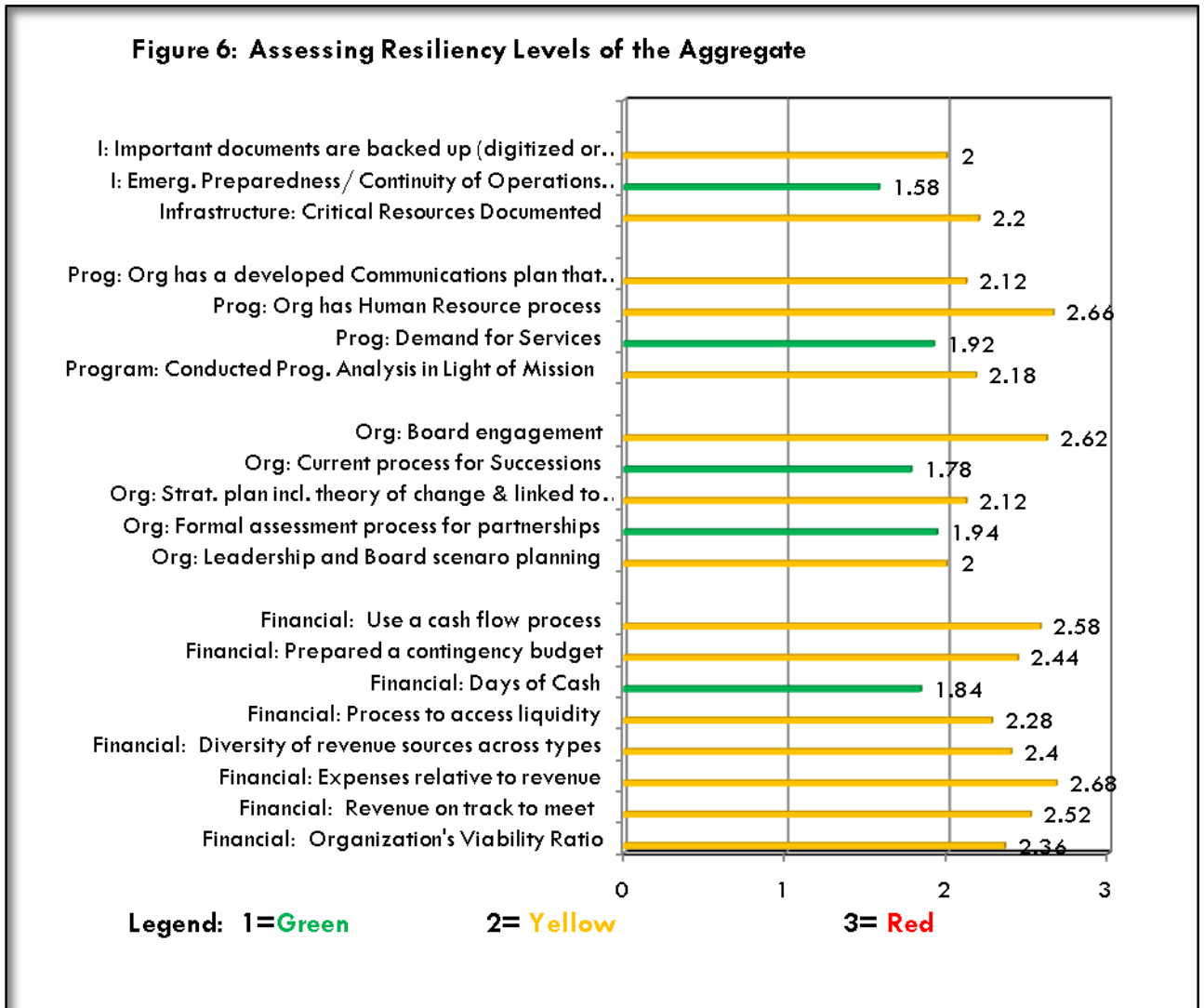
Figure 5: Breakout of Organizational Responses Across Questions



■ # of Red Respondents ■ # of Yellow Respondents ■ # of Green Respondents

Numbers listed = Green Responses/ High Resiliency Answers

V. Average Resiliency Levels of the Aggregate By Question



Another way to assess vulnerabilities and, in turn, determine levels of resiliency is to categorize exposure to vulnerabilities in terms of low, medium, and high and assign numbers to determine an average score of the aggregate for each question. For our purposes, the average score is the “resiliency level.” Here, we treat those who scored in the green range in Figure 6 as having a low vulnerability (high resiliency) and assigned the value of one (1). Those who scored in the yellow range are seen as having a medium vulnerability (medium resiliency) and assigned the value of two (2). Likewise, those who scored in the red range are interpreted as having a high vulnerability (low resiliency) and assigned the value of three (3). To reach the average score, one takes the number values of all respondents to the answer to the question and divide by the total number of respondents. From this exercise, we can highlight those areas where the greatest vulnerabilities exist and determine what strategies might be most helpful to suggest to the field to reduce the vulnerability. Examining the data in Figures 5 and 6, some observations include:

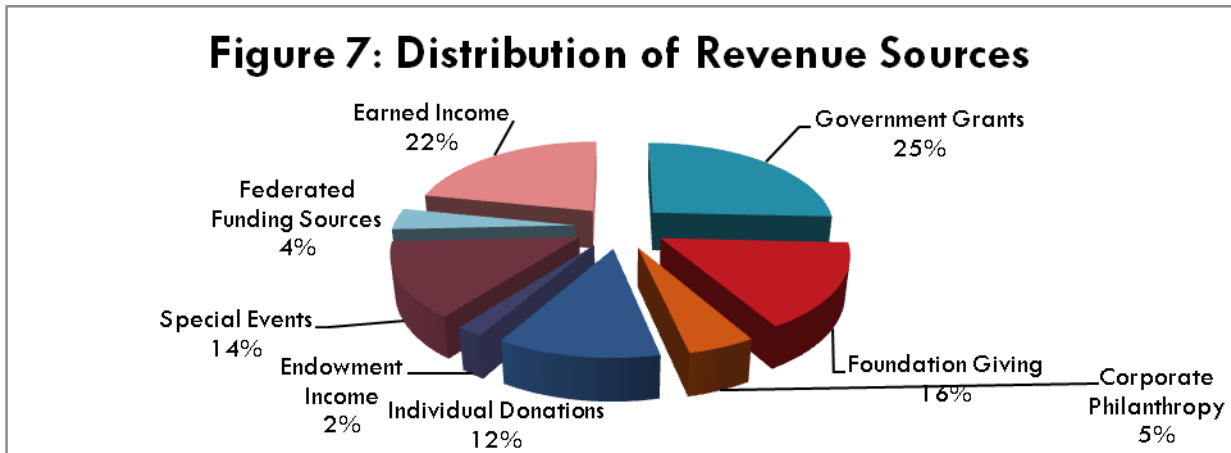
POSITIVES:

- The resiliency level is high (1.84) with low risk across the participating organization in terms of financial days of cash (at least six months).
- Partnerships and Succession Planning: The resiliency level is relatively high with low risk (1.94) in the area of having a process to assess partnerships and handle leadership transitions by having a formal succession plan (1.78).
- Infrastructure: Organizations posted a high resiliency level (1.58) index when asked if they had up-to-date business interruption plans in place detailing recovery actions should they be impacted by a disaster. Yet, scores slip when asked follow-up questions about understanding what critical resources are needed (2.2) and the back-up of data and documents (2.0) -- concerns that are integral to any good business continuity plan.
- Demand for services of the participating organizations are up, but do not seem to be stressing the organizations beyond the ability of the organizations to deliver services.

URGENCY INDICATORS:

- The resiliency level is low and at medium to high risk across the aggregate organizations, revealing greater vulnerability. While the overall resiliency index is “yellow” it trends “red” in the following areas:
 - Human Resource Management to recruit and retain high quality staff (2.66 out of 3)
 - Board engagement (2.62 out of 3)
 - Expenses relative to revenue (2.68 out of 3)
 - Revenue on track to meet projections (2.52 out of 3)
 - Regular financial management practices such as cash flow forecasting (2.58 out of 3)
- The low resiliency levels in the areas of expenses relative to revenue and revenue relative to budget erode the positive cash flow positions shown by organizations in the aggregate and raise concerns around financial viability over time if the situation remains unchanged.

VI. Revenue Sources Fueling the Aggregate of Participating Nonprofits



- Figure 7 shows the aggregate breakout of the revenue sources reported by the individual nonprofits.
- The Risk Navigation Tool software currently does not analyze trending across current fiscal years and previous years to assess changes in types of funding sources and to determine sustainable levels of revenue for a particular organization.

VII. Demographic Information of the Aggregate

A. Looking Back

Nonprofit organizations self-reported on their financial situation at the conclusion of the most recent fiscal year. Sixty percent (60%) of the organizations ended the year at a break even or better than break even result. Forty percent (40%) of the organizations self-reported ending the year with a deficit.

The software analysis does not determine if this result was reached through cost cutting measures or through revenue generation or by a combination of both strategies. There appears to be no clear correlation between financial situation and resiliency score. We would need to examine more closely the relationship

between types of organizations and types of funds to the overall financial situation.

B. Looking Forward

The software asks organizations to self-report on their projected financial condition six months out and compare it in relation to the most recent fiscal year. The user is asked to offer a projection of whether they expect the financial condition to be (“much better”, “somewhat better”, “the same”, or “somewhat worse”). It is our hope that the user references financial information rather than offer speculation or a “best guess”. As the user does not have to enter financial information

Table 3: Looking Back at Revenue and Expenses at Year End

At the conclusion of your most recent fiscal year, what was your financial situation?

Category	# of Respondents	% of Respondents	Avg. Resilient Score
Better than break even.	18	36%	60
We experienced a break even result.	12	24%	56
We ended the year with a fiscal deficit of 1-10%	15	30%	64
We ended the fiscal year with a deficit of 11-20%	3	6%	51
We ended the fiscal year with a deficit of 20-30%	2	4%	57

for a response to be generated, we cannot ascertain whether the response reflects the degree of optimism of the organization or reflects financial trends.

Table 4 charts the expectations and financial forecast of the nonprofit leaders as they look ahead at their financial condition. Fifty-four percent (54%) of the organizations believe the worst may be behind them as they reported that the financial condition of the organization will be somewhat better or much better. It is unclear if they have reached this level through measures of “doing more with less.” Fifty-six percent (56%) reported it will be the same or somewhat worse which underscores the continued financial strain and raises concerns about financial viability in the coming years.

With 40% of the organizations ending the previous year with some form of a deficit and 56% of the organizations reporting that the financial condition looking ahead will be the same or somewhat worse it could be said that it will become increasingly harder for organizations to operate above break-even or to grow. Those organizations (6) that expect the financial situation looking ahead will be worse are the least resilient (average resilient score) to weather the conditions.

Table 4: Looking Ahead: Projected Financial Condition			
At the time of taking this survey and projecting out where you think your financial condition will be six months out, where would you place the financial condition of the organization compared to the end of your most recent fiscal year?			
Category	# of Respondents	% of Respondents	Avg. Resilient Score
Much better	12	24%	62
Somewhat better	15	30%	57
The Same	17	34%	61
Somewhat worse	6	12%	55

C. Demand for Services

Eighty percent (80%) of the organizations report that they expect to see a moderate to substantial increase for services. Many of these forty (40) organizations that anticipate an increase in demand are “lifeline” organizations, providing critical services to people in need. While nonprofit leadership is preparing to meet this challenge, many of these organizations have the lowest resiliency scores, revealing their vulnerability that client needs may outpace their ability to resource such needs.

VIII. Moving Forward: Highest Priorities Identified by Participating Organizations

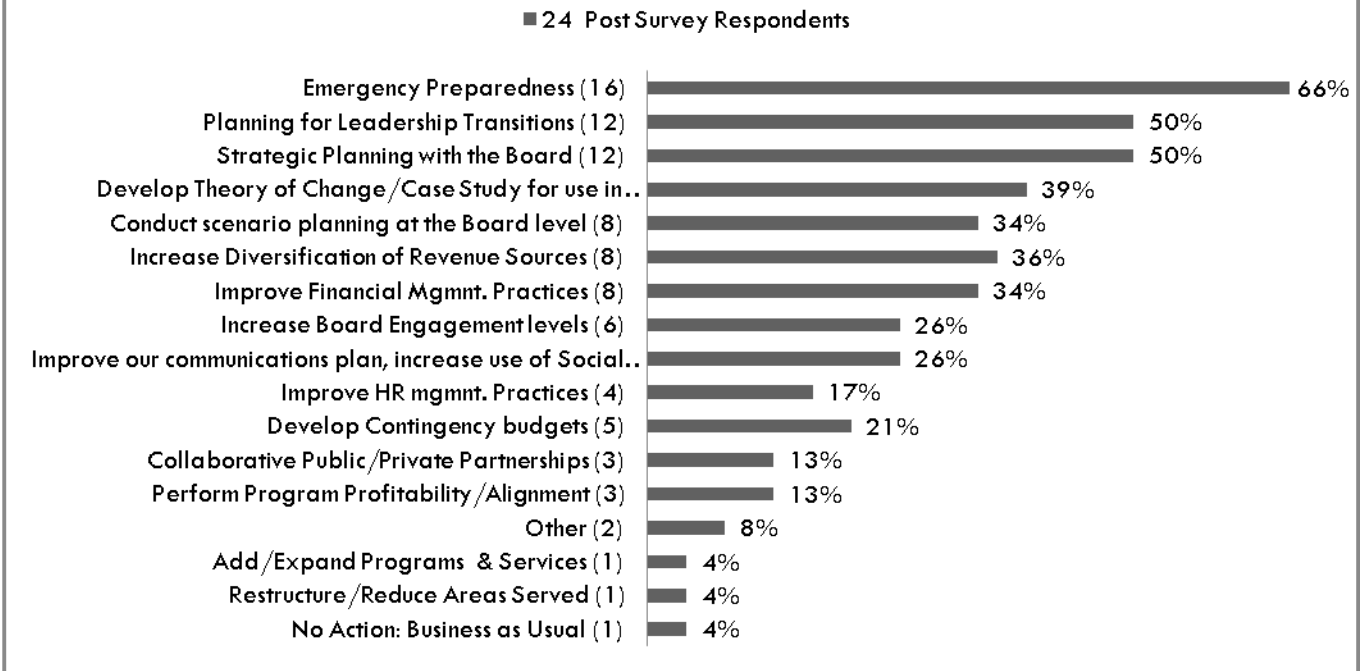
Upon completion of the Risk Navigation Tool, the user was asked to complete a post-survey evaluation. One of the questions sought to gauge what the organization identified as its top priorities and planned to take action on in the immediate future. Twenty-four (24) or forty-eight-two percent (48%) of the fifty (50) participating organizations completed a survey following the use of the Risk Navigation Tool.

Table 5: Demand for Services

Over the next six months what is the anticipated demand for your organization's services?			
Category	# of Respondents	% of Respondents	Avg. Resilient Score
Stay the Same	10	20%	55
Moderately Increase	34	68%	62
Substantially Increase	6	12%	55

In terms of “change of behaviors” in light of the diagnostic assessment and recommended action steps, the following questions were asked: “What top five actions will your organization execute in the near future in response to the outcomes suggested in the Risk Navigation Tool Report?”

Figure 8: Highest Priority Actions Organizations Plan to Implement in Response to Findings



How do we establish whether this tool is a success? Ultimately, “success” is based upon whether there is a change in behavior. The post-survey evaluation sought to assess this element by asking the actions the organization planned to undertake in light of the recommendations. The top five identified actions were:

- Developing or maturing their emergency preparedness plan to minimize the impact of an interruption from such threats as data loss or natural disasters such as floods and tornadoes;
- Succession planning. Even though the average resiliency level on the question related to succession planning was the second lowest (1.78) – meaning the organizations were more prepared on only one other question – this received the second most responses of actions organizations hope to pursue in the immediate future.
- Using this tool analysis to provide a “snapshot” for Board strategic planning was tied for the second most identified “next step”.
- Linking the Organization’s Theory of Change/Logic Model to fundraising and communications was the third most identified action taken in the immediate future.

The status of any organization today is that it is not realistic to think that any agency is going to score a 100%. Just like any large business, one has to look at prioritizing what actions are most critical to the organization. Even if an organization scores low in terms of the score, they can identify priorities and take action on them over time.

X. About the Tool and Insights Gained About the Tool’s Use in this Project

The Risk Navigation Tool is a business intelligence tool built on a SQL-based software platform. The software asks questions across four areas that are key to a nonprofit: financial (financial management and revenue generation); organizational (governance); programmatic, and infrastructure. Each section has its own score showing relative risk, with greatest weight placed upon financial issues. There is an overall score on a 100-point color-coded scale that provides detail on how prepared the organization is to operate in the current economic climate. Based upon the nonprofit’s answers, an extensive report is presented to be used by the board and key leadership in order to: 1) help articulate particular issues the nonprofit faces; 2) illuminate steps to take to increase the organization’s resilience and sustainability.

WHAT WE LEARNED FROM THE NONPROFIT’S USE OF THE TOOL DURING THIS PILOT PROJECT:

- 1. A Diagnostic Snapshot:** The tool is effective at providing a diagnostic snapshot around which leadership can engage. Fifty percent (50%) of post survey respondents reported that they plan to use findings in strategic planning with the Board of Directors. Helpful suggestions made by nonprofit leaders in post-survey evaluations with regard to the report’s design and layout, especially for use with their Board of Directors, will be incorporated in future software deployments.
- 2. Validation of the Scoring System:** Since this is a pilot, the relation between the absolute scores and actual resilience is a bit uncertain. Until we have done this for a while and have added more nonprofits into the overall pool, we are not certain what the right cut offs are for low resilience (“red”), medium resilience (“yellow”) and high resilience (“green”) and how we should weight the individual questions relative to the whole. This

reality does not take away from the value of the instrument. As we build experience we will refine the scale and weights, for now it allows comparisons on multiple dimensions and points to areas where an organization needs to focus to reduce its vulnerabilities and increase its resilience.

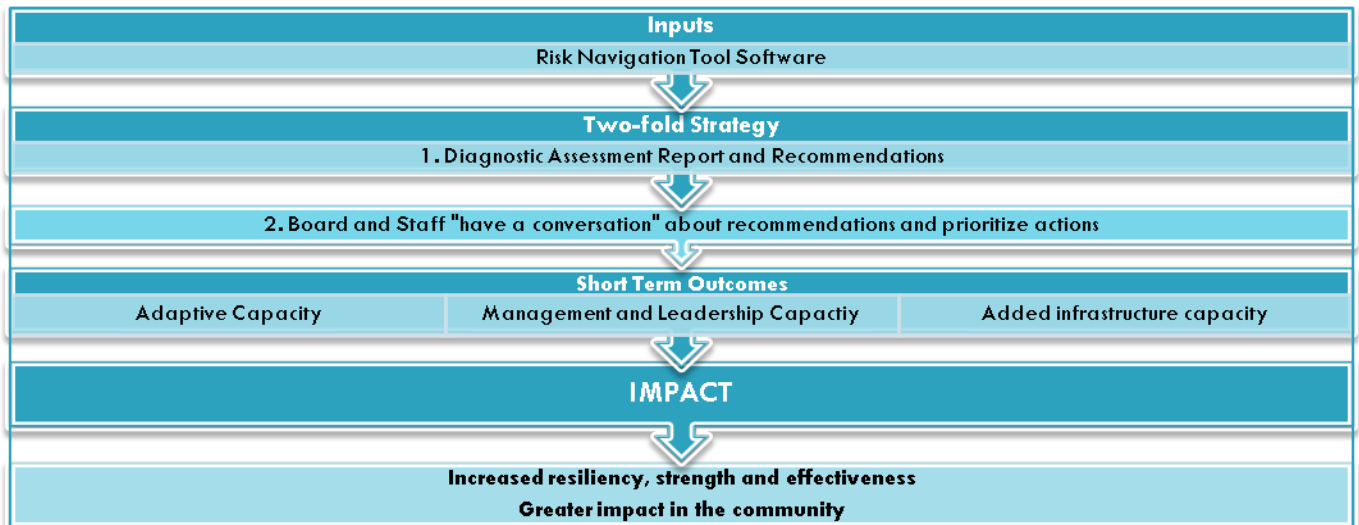
3. **Benchmarks and Milestones:** The tool provides helpful benchmarks and milestones for an organization to use and for funders to use to have a snapshot of the strength of their grantee pool. For instance, moving forward, the tool can trend increases and decreases in sources of revenue funds from one year to the next and examine corresponding actions taken by the nonprofit to determine the resiliency level of the organization. Future funding investments in the tool will allow benchmarking to be incorporated into the software that tracks how an organization scores relative to past scores and how the organization scores with regard to others in terms of its sector, operating budget and geography.
4. **Nonprofits do not have equal capacity and can be assessed the same:** The pilot project confirmed that there is not a “one size fits all” test. Not all organizations have equal capacity. Future developments of the software will assemble a question set and corresponding responses based upon the organization’s budget size. As expected, the smaller organizations scored a lower resiliency score as the best practices are based upon the expectation of what processes and procedures a \$1 million to \$2 million dollar organization should have in place.

XI. About the Project

The intent of the project was to provide an opportunity for nonprofit evaluation and improvement toward the goal of more resilient organizations. The strategy involved using a tool as the input to gather information about nonprofits and produce a diagnostic assessment report containing a resiliency score and recommendations and using the score and recommendations as an opportunity for rich and informed Board and leadership discussions. The Foundation’s intent in the project is:

- To identify areas of expertise and areas where additional assistance may be indicated
- To identify areas where multiple agencies have strengths/weaknesses
- To establish a baseline for future benchmarking of the field.

FIGURE 9: LOGIC MODEL FOR THE PROJECT



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X. Participating Organizations

The Fifty Middle Tennessee Nonprofits that Participated

18th Avenue Family Enrichment Center
Against the Grain
Bethlehem Centers of Nashville
Blakemore Children's Center
Boys & Girls Clubs of Middle Tennessee
BrightStone
CASA, Inc.
Catholic Charities of Tennessee, Inc
Christian Women's Job Corps of Middle TN
Community Resource Center
Conexion Americas
Creating an Environment of Success, Inc
Eating Disorders Coalition of Tennessee
Faith Family Medical Clinic
Fannie Battle Day Home for Children
Grace M. Eaton Childcare & Family Resource Center
Hard Bargain Mt Hope Redevelopment
Hope Clinic for Women
Hospital Hospitality House
Interfaith Dental Clinic
Junior Achievement of Middle Tennessee
King's Daughters Day Home
Matthew Walker Comprehensive Health Center
Mental Health Association
Mercy Childrens Clinic
McNeilly Center for Children
Middle TN Council, Boy Scouts of America

Monroe Harding, Inc.
Nashville Area Habitat For Humanity
Nashville CARES
Nashville Children's Alliance
Nashville Opera Association
Nashville Symphony
Nurses for Newborns - Tennessee
Oasis Center Inc
Operation Stand Down Nashville, Inc
Park Center
Prevent Child Abuse TN
Renewal House Inc.
Safe Haven Family Shelter
Sexual Assault Center
Siloam Family Health Center
STARS Nashville
Tennessee Kidney Foundation
Tennessee Repertory Theatre
The Minnie Pearl Cancer Foundation
TPAC
United Cerebral Palsy of Middle TN
United Neighborhood Health Services
YWCA of Nashville & Middle Tennessee