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The Nonprofit Organizational Model

A New Model for Nonprofit Organizations

By C. Terrill Thompson

The purpose of an organizational assessment model is to break down the amorphous complexity of an organization into manageable pieces to provide focus on important organizational elements and their interactions for analysis and intervention. Numerous effective for-profit models are available to consultants, each one providing a slightly different focus. None of the well-known models address the unique needs of nonprofit organizations, however. The Nonprofit Organizational Model is designed explicitly for nonprofits.
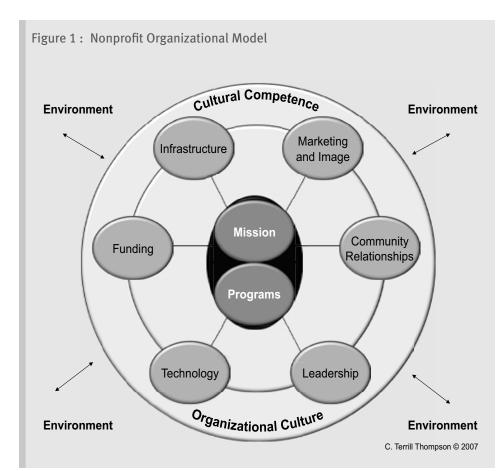
The Nonprofit Organizational Model grew out of a failed exhaustive search for a model that met the needs of my nonprofit clients. Popular models, such as the Six Box Model (Weisbord, 2011), the 7-S Model (Waterman, Peters & Phillips, 1980) and the Star Model (Galbraith Management Consultants, LTD, 2011) are brilliant models that provide great benefit to consultants working in for-profit companies. I attempted to adapt these models, and several others, by adding key elements of importance in the nonprofit sector. By the time I was done making changes, the original models were no longer recognizable and the results were still not satisfactory. I realized then that if I wanted a nonprofit model, I needed to create one. Designing the model turned out to be a very quick process. I knew what I had not been able to find in my research and drew it within minutes. I then spent a year vetting the model. I shared a draft with several colleagues, tested it with clients, and presented it for feedback at an AU/NTL sponsor session at the Organization Development Network conference. In every venue the response was incredibly positive. Clients found the model easy to understand and OD consultants in the nonprofit sector were delighted to have a model that worked for their clients. With that, the Nonprofit Organizational Model was born. It has since been utilized by several OD professionals in numerous nonprofit organizations of varying sizes and missions.

The Model

The Nonprofit Organizational Model places the organization's mission and programs at the center, surrounded and supported by infrastructure, marketing and image, community relationships, leadership, technology, and funding. These aspects of a nonprofit organization are embedded within the organization's culture and its cultural competency. The entire organization affects and is affected by its external environment. An explanation of each aspect of the model follows.

Mission: Mission is at the top center of the model because it is the core of a nonprofit organization. Everything a nonprofit does must align with its mission. The mission is a nonprofit's guiding force; it is why the organization exists. Mission is the primary recruitment and motivation tool for staff, board members, volunteers, and donors. In this model, the term *mission* encompasses the organization's mission and vision statements, as well as written values, goals, and strategies.

Figure 1 : Nonprofit Organizational Model

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Programs: Just below the organization's mission, also in the center of the model, are the organization's programs. Programs are also central to a nonprofit organization and are closely aligned with the organization's mission. The vast majority of staff, board members, and volunteers become involved with a nonprofit because of its mission and programs.

Everything within a nonprofit supports these two primary aspects of the organization. The six small circles surrounding the mission and programs (infrastructure, marketing and image, community relationships, leadership, technology, and funding) are connected to and support the organization's mission and programs, as well as each other.

Infrastructure: Infrastructure is the basic framework of an organization. It determines how the organization is organized and defines roles, responsibilities, and authority. It outlines formal decision-making processes and establishes the boundary of acceptable behaviors. It also determines how people, departments, boards, and programs are evaluated. Examples of infrastructure

include: organizational charts, bylaws, polices and procedures, formal communication channels, and evaluation methods.

Marketing and Image: Marketing and image includes both formal and informal aspects of advertising and image creation. Formal marketing and image creation often include marketing plans, marketing materials (such as brochures and websites), logos, and media coverage. All organizations also have informal, and often unstated and unintended, aspects of marketing and image creation. This includes how staff members dress, how they speak about the organization outside of work, and the "buzz" surrounding the organization.

Community Relationships: Community relationships refer to community partnerships and community accountability. Partnerships can be with other nonprofit organizations, for-profit businesses, government organizations, or individuals. They can involve written memos of understanding or simple verbal agreements. An important, and often overlooked, aspect of community relationships is community accountability. Community accountability is the means by which an organization remains accountable to funders, partners, and other community members. Important questions to ask include:

» Are donated funds being used ethically and as promised?
» Is the information given to stakeholders accurate and complete?
» How does the organization ensure it remains accountable to the community it serves, especially if the organization's leadership has societal demographic privilege (e.g., a majority White organization with clients who are predominantly of Color)?

Leadership: Leadership in the Nonprofit Organizational Model extends beyond the board and executive leadership to include volunteers, individual board members, and paid staff. The nonprofit sector is unique in its heavy reliance on donated time and skills; volunteers are essential to the operation of many nonprofit organizations. It is intentional and important that the model includes all paid staff under leadership. While it is common practice to define leadership as top management staff, every staff person fulfills an important role and has the potential to demonstrate leadership. This model is not intended to be used to

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review individuals, but rather to look at the number, skill sets, and relationships among all of the organization's paid staff, board members, and volunteers.

Technology: In today's technological world, it is impossible for an organization to operate without utilizing technology. The nonprofit sector often lags behind the business world technologically. However, an organization does not need the latest cutting edge inventions to be reliant on technology. Technology is defined broadly in this model as all physical items allowing an organization to operate. Technology can be a high tech database system or a basic telephone. Even an office desk and a ball point pen are technology.

Funding: Funding is a central element of nonprofit organizations and is often a limiting factor in an organization's ability to expand programming and further its mission. Funding can come from a variety of sources including foundation grants, government grants, personal donations, special events, and earned income. Having diverse funding streams is essential to the health of a nonprofit organization. Single source funding can and often does lead to the closing of important programs when that funding source dries up or pulls out of the organization. Establishing diverse and robust funding streams is essential to creating financially sound organizations.

Earned income, the net proceeds of social enterprise ventures, provides a particularly reliable source of funding that is often overlooked and misunderstood. With careful planning, nonprofit organizations can earn nontaxable income while simultaneously furthering their missions. Earned income is typically raised through fee for service or the sale of a product. The Girl Scouts of America's cookie sales and Goodwill Thrift Stores are great examples. Earned income can also be generated on a smaller scale, such as requesting honorariums for public speaking engagements or selling organizational paraphernalia. It is important to note that earned income ventures must be related to an organization's mission in order to be tax exempt. "We need money" is not "mission driven"

to the IRS auditor. It is advisable to seek professional guidance before launching a social enterprise venture.

To review, we have addressed eight primary aspects of a nonprofit organization: mission, programs, infrastructure, marketing and image, community relationships, leadership, technology, and funding. These primary elements are surrounded by and exist within the organization's culture and its cultural competence, which in turn interacts with the environment. Culture, cultural competence, and environment receive extra attention in this article due to their complexity.

Organizational Culture: Organizational culture permeates every aspect of an organization, yet it is challenging to define. Culture includes informal communication, personal relationships, traditions, and shared informal, and usually unspoken, values and beliefs. Culture, far more than written documents, determines how every aspect of an organization operates. Organizational culture is often the core of an organization development project.

Despite its pervasive nature, culture is nearly impossible for the people immersed in it to see. It is just "normal." Anyone who has spent time outside of their home culture can attest to this fact. For example, a sensitive traveler in India will soon learn that eating with or touching anyone with their left hand is a grave insult. Less sensitive travelers may miss the subtle social clues and continue to break this cultural norm. Similarly, our lack of conscious awareness of organizational culture leaves new staff, volunteers, and clients to learn

the rules of "how things are done around here" through trial and error. For example, many organizations celebrate staff birthdays, but knowing that there is a celebration is not enough information to avoid breaking a cultural norm. Birthday gifts may be expected in one organization and heavily frowned upon in another. Rarely is this expectation stated. Typically a new staff member learns about an organization's birthday culture when they show up at the staff party with (or without) a gift.

Complicating matters further, an organization's culture often contradicts written documents. Employee contracts may

outline expectations of a forty hour work week, while the culture of the organization dictates regular overtime. A one hour lunch break on paper may be overridden by the cultural expectation to forgo a break and eat at your desk. New staff members are left to discover cultural expectations through observation and trial and error, which often results in uncertainty and embarrassment.

Cultural Competence: Cultural competence is a challenging concept for many people. Entire articles and books are dedicated to this topic alone. In summary, cultural competence refers to how skillfully an organization and its staff/volunteers interact with diverse cultures. Cultural competence is a process, rather than an end result. In other words, all organizations and people are in a process of developing cultural competence. A question of whether or not an organization is culturally competent is misguided. There is not a yes or no answer. The real questions are: "How culturally competent

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Cultural competence involves five primary areas: awareness, attitude, knowledge, skills, and structural support. First, an organization must be aware of its own culture. This is harder than it sounds. Organizations, like people, often take their own culture for granted, making it the norm in their minds. This is particularly true for organizations and people with demographic privilege (i.e., Whites/Caucasians, heterosexuals, able-bodied, men, Christians, middle to upper class, college educated... to name only a few). Second, an organization must have an open, positive attitude about people and organizations with cultures that differ from their own. Third, an organization and its staff/volunteers need to have knowledge about other cultures. Fourth, an organization and its staff/volunteers must have cross cultural skills. How effectively can a consensus-based collective work with a hierarchical organization? Can a predominantly White disability rights organization work effectively with a disability rights organization led by People of Color? The fifth and final area, structural support, requires more explanation. It is not enough to proclaim that an organization is open to diversity. One must look at what policies and infrastructure are in place to support stated cultural competence. Here are a few important areas to include in an organizational assessment.

» Does the organization have a non-discrimination policy? If so, what groups are protected/not protected?
» What are the organization's grievance procedures? Are they known and accessible to all employees?
» What demographics are/are not represented among board members, staff, volunteers, and constituents? For example, if an organization's leadership does not reflect its constituents, this provides a challenge to cultural competence, as well as community accountability. It is easier for all of us to understand and relate to our own culture, background, and experiences.
» Are recruitment, hiring, and retention

procedures inclusive of diverse populations?
» Are benefits accessible to diverse populations? For example, is the organization's health insurance policy offered to domestic partners or only legally married couples?
» Is the organization physically accessible? For example, can someone with a physical disability access office and meeting space? Are there single stall bathrooms for transgender and gender diverse people who are often harassed in gendered bathrooms?
» Are special events culturally accessible to all employees? For example, is a staff member's same-sex partner equally welcome to attend as another staff member's husband or wife? Are non-Christian staff members' faith included, or is the "holiday party" really a Christmas party?
» Does the organization have stated values related to cultural competence?
» Are diverse stakeholders involved in major decisions?
» Have there been any incidents or complaints?

The list is partial and this discussion on cultural competence is too brief given its complexity and importance. I recommend reading the Alliance for Nonprofit Management's book, *Embracing Cultural Competency: A Roadmap for Nonprofit Capacity Builders* (St.Onge, Applegate, Asakura, Moss, Vergara-Lobo, & Rouson, 2009). It is a great resource for professional capacity builders.

Environment: All organizations, including nonprofits, exists within and are affected by the larger environment in which they operate. The environment includes everything that impacts a nonprofit but is not directly a part of the organization. Notice that the arrows between the organization and the environment are two directional, showing that nonprofits both impact and are impacted by the environment in which they operate.

Each organization operates in a unique environment. Even in situations where two organizations share a geographic

region, their operating environments will differ due to differences in impact of the elements present. For example, nearly all nonprofits are impacted by the economy, but the wars in Iraq and Afghanistan may or may not be relevant to an individual organization. The wars would certainly be relevant to a refugee organization, and would likely be relevant to an organization serving families with loved ones serving overseas, but may not be relevant to a theater program. It is important to take a broad approach to determining an organization's environment, but to ensure relevance. Otherwise the environment can become too large and cumbersome to be helpful.

One should keep in mind that the categories above are clearer in theory than in practice. A model of this type is an arbitrary analytical tool used to describe interacting parts of a dynamic organization. A funding crisis could be the result of a deficiency in leadership fundraising skills, or an issue of marketing; a technology gap could be the result of a lack of funding or technical knowledge. In addition, many aspects of a nonprofit organization can arguably fall into two or more categories. For example, should a board member's relationship with a large donor be listed under fundraising or community relationships? I would place it under community relationships, but arguments could be made to support placing it under fundraising. In reality, it doesn't mater. The important thing is that it is included somewhere. Don't waste valuable time arguing where something should be placed. As long as it is included in one or more categories, it will be addressed.

Using the Model

Case Study: Goal Creation
The following case study is offered in response to frequent requests for examples of the Nonprofit Organizational Model's value in practice. My client was a start-up youth housing initiative with a predicted multi-million dollar annual budget and a small cash balance. They asked me to work with the organization's board of directors to create annual goals. A one day board

retreat was all they could afford. Sound familiar?

The board retreat started in the usual way: introductions, retreat goals, agenda review, ground rules (which I prefer to call agreements), and an opening exercise. We then focused on goal creation using the Nonprofit Organizational Model. After a brief overview of the model, I divided the ten board members into five two-member working groups. (I prefer to create working groups with 3-5 members, but in this case I created working group pairs due to size and time constraints.) Each pair was assigned two to three of the eleven categories from the Nonprofit Organizational Model. Categories were assigned based on the practical goal of having each group complete their work at approximately the same time.

I instructed each working group to write the category at the top of a flipchart paper (e.g., Mission), then draw a line vertically down the center of the page, creating two columns: "What organization has" and "What organization needs," (e.g., have a written mission statement; need a vision statement).

Once completed, the working groups presented their lists to the full group. Participants were given the opportunity to ask clarifying questions, to raise concerns and to add to the lists. I instructed them not to debate in what category something belonged. The stated purpose was to add missing information and clarify misinformation. For example, it was important to make a correction when employee handbook was recorded as a missing infrastructure item even though one had already been created. When misinformation is highlighted (which it often is), it is important to acknowledge and explore potential underlying issues. In this case, it could be an individual issue (an inattentive board member) or a non-issue (a new board member who hasn't been trained yet). However, it could also be a systemic organizational issue regarding internal communication, staff training, or board training. Only organizational issues are addressed in this model.

The next step was to prioritize areas of focus. I gave each participant five stickers

and instructed them to place the stickers next to the areas they thought were most important for the organization to focus on in the coming year. Participants were allowed to place all five stickers next to one item or one sticker next to five different items. The distribution was up to them. The only rule was that they couldn't give their stickers to someone else. We quickly tallied the stickers, combining items when necessary. Once the priorities were determined, I led the group through an exercise that helped them create goals and supporting action items, assign responsible parties, and establish timeframes. In eight hours the organization's board had created annual goals.

Additional Uses: Organizational Analysis and Strategic Planning

The Nonprofit Organizational Model is an organizational assessment and strategic planning tool. The model can be used as a check list to ensure that all of the important aspects of a nonprofit organization are included during data collection by creating questions that solicit information about each aspect of the model. Even when the model is not used to create data collection questions, it is a helpful tool for organizing collected information. Broad questions, such as "What is going well in your organization?" or "What challenges are you facing?" often solicit information that can be valuable when categorized using the model. Such broad questions likely won't

solicit information for all the categories within the model, but it will highlight the most important aspects of the model to the client organization. Pay attention to what categories are and are not addressed. That information can provide powerful insight.

The model can be used for strategic planning projects in much the same way as it was used in the case study. One note of caution is that it is important to assess every area within the model and then focus on the areas of greatest importance. Strategic plans need to be focused in order to be beneficial.

In most organizations a few areas will surface as being the most important areas to address, but keep in mind that these areas are frequently symptoms of deeper issues. The role of the OD professional is to dig deeper. For example, lack of funding is one of the most common concerns for nonprofit organizations. The symptom level response would be to identify more funding sources – potential grants, new donors, etc. However, a deficit in funding is almost always the symptom of a different issue (or issues).

Tips for Using the Model

The best advice for getting the most out of the model is not to spend too much time finding the perfect category match for an item. There are an infinite number of aspects of a nonprofit organization that could arguably fit into more than one category. Quickly pick the category or categories that fit best for the specific organization and keep moving. It is beneficial to list something twice, but it can be detrimental to miss it all together. When in doubt, include it.

A close second priority is not to get caught up in the limitations of the physical representation of the model. Clients often ask if the elements listed in the outer circle are in order of importance. They are not. All of the elements are equally important, or may vary in importance to a specific organization. The order in which they are listed in the model is arbitrary. In addition,

the element's proximity to one another in the outer circle is also irrelevant. All of the elements reflected in the model are interconnected. Community relationships is interconnected with the organization's leadership, but it is also interconnected with the organization's mission, programs, marketing and image, technology, funding, infrastructure, culture, cultural competence, and environment. Let's use technology as an example, since it is one of the less obvious ones. An organization's technological ability to communicate with the broader public impacts its community relationships. In addition, without adequate technology, newsletters wouldn't exist. Note how technology is connected to both community relationships and marketing and image in this example. Note also that all of these complex interconnections flow in both directions (i.e., technology impacts community relationships, which in turn impacts technology). A community relationship could lead to a new website volunteer, for example. (See how this example interconnects with leadership as well?) All of the elements of a nonprofit organization are interconnected. A weakness in one area can weaken the entire system, and creating positive change in one area can favorably impact the entire system.

Consultants often want to know where to start. That is a good question. In short, it is a judgment call. In most organizations a few areas will surface as being the most important areas to address, but keep in mind that these areas are frequently symptoms of deeper issues. The role of the OD professional is to dig deeper. For example, lack of funding is one of the most common concerns for nonprofit organizations. The symptom level response would be to identify more funding sources – potential grants, new donors, etc. However, a deficit in funding is almost always the symptom of a different issue (or issues). Look first at leadership. Does the organization have the grant writing and donor solicitation skills to raise additional funds? Are the organization's board members all contributing financially to the organization? Board members have different financial giving abilities, but all board members should show their commitment by giving

something of meaning to them. How can a board member expect others to donate if they are not willing to themselves? Are the board members committed to fundraising for the organization? Also look at marketing and image. Does the marketing material speak to donors? Is the image of the organization one that positively impacts funding? Look at mission. Is the organization's mission statement clear and compelling? Then look at... You get the picture. Nothing within an organization operates in isolation.

Conclusion

Organizational models are important tools to help OD professionals, and our clients, understand and organize the vast amount of data present in every organization. In essence, models make data useful. In order for a model to be beneficial, it must fit the client organization as closely as possible. The Nonprofit Organizational Model is designed explicitly for nonprofit organizations and responses from both consultants and clients have been very positive.

Every model also has limitations. Nonprofits are not universal and adaptations to the Nonprofit Organizational Model can create a better fit for an individual organization. For example, when working with community organizing groups, replacing the "program" element of the model with "campaign" can increase the client's ability to connect with the model. It is essential to the success of the Nonprofit Organizational Model, and any other model used, that adaptations be made to reflect the individual client's unique organization when necessary.

Visit www.ctthompsonconsulting.com *under the services tab for a printable handout about the model. Please note the copyright and credit the author when using the model. There is an online community for practitioners using the model to give each other feedback and support. E-mail your request to join to* terrill@ctthompsonconsulting.com.

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