



The Nonprofit Impact *Manifesto*

The world has never needed an effective nonprofit sector more than it does today, and yet it has never been more difficult to run an effective nonprofit. Are you ready to optimize your organization for greater impact?

ALYSSA CONRARDY & LINDSAY MULLEN

Co-Founders, Prosper Strategies

THE WORLD HAS NEVER NEEDED AN **EFFECTIVE NONPROFIT SECTOR** MORE THAN IT DOES TODAY, YET IT HAS NEVER BEEN MORE DIFFICULT TO RUN AN **EFFECTIVE NONPROFIT.**

The challenges facing our planet, our communities, and our families are significant. Our world has [lost half its wildlife](#) in the last 50 years. [10 percent](#) of the world's population still lives in extreme poverty. Hunger has been on the rise globally [since 2015](#). Here in America, black and Latino students continue to see [fewer opportunities](#) for educational advancement. Economic inequality [continues to grow](#). More than [1.6 million](#) people are diagnosed with cancer each year. Death from gun violence has reached its [highest rate](#) in over two decades. And many of the problems and inequities that already existed in our communities are only growing due to fallout from the COVID-19 crisis.

Every day, nonprofits are taking meaningful action to combat these problems, but they face obstacles that hold them back from doing all they could to truly make an impact. In fact, most nonprofit CEOs [report](#) that producing results continues to get more and more challenging.



This is because:

Demand is Growing

As global and domestic challenges accelerate and [funding cuts](#) for government programs that support people in need continue, [86 percent](#) of nonprofits say demand for their programs and services keeps rising, and over half say they can't meet that growing demand. All of this will continue to be exacerbated by the fallout from COVID-19.

Resources are Shrinking

The number of U.S. households that give to charity has been on a [steady decline](#) since the turn of the century, and as older donors are replaced by Millennial and Gen-Z donors with less net worth and more unpredictable giving habits, [many believe](#) this decline will intensify. Additionally, many nonprofits that have long relied on government grants and foundation funding are seeing contributions [decline, disappear](#) or become less predictable. In March of 2020, when COVID-19 was declared a national pandemic, hundreds of nonprofits were forced to cancel their largest fundraising events of the year and quickly develop alternatives. Still more saw individual donations and grants decline as people became more timid about giving in an uncertain economic climate. As funding wanes, most nonprofits are finding themselves financially unprepared, and [about half](#) do not have operating reserves to sustain themselves for a single month.

Competition is Fierce

The number of nonprofits in the U.S. has grown nearly [50 percent](#) since the 1990s. Many of these nonprofits do similar work and should collaborate or merge, but instead they find themselves competing for the same resources. Nonprofits aren't just competing with one another, either. They are also competing with the [exploding](#) social enterprise sector and businesses with strong social and environmental initiatives. Organizations are challenged by increasing competition for talent as well. In 2019, the number of nonprofit employees who voluntarily left their jobs hit its [highest point since 2001](#), and in that sort of environment, keeping top talent is harder than ever.

Trust is Broken

In 2017, the number of Americans who say they trust the nonprofit sector to “do the right thing” dropped [below the 50 percent mark](#), and in 2019, more people [said](#) they have more trust in business than in nonprofits for the first time in history.

The Starvation Cycle is Accelerating

As the organizations behind the Overhead Myth movement [point out](#), many funders and donors have a long-held and ultimately false misconception that the most effective nonprofits are those that spend the least on their non-program expenses, also known as their “overhead.” While this might sound smart on the surface, in the nonprofit sector, overhead is a term that gets applied to everything from leadership and fundraising staff to technology and measurement -- in other words the very things required to make a nonprofit effective and sustainable.

“NONPROFITS FEEL PRESSURE
to conform to funders’ unrealistic expectations...and respond in two ways: they spend too little on overhead, and they underreport their expenditures on tax forms and in fundraising materials. This underspending and underreporting in turn perpetuates funders’ unrealistic expectations. Over time, funders expect grantees to do more and more with less and less—a cycle that slowly starves nonprofits.”

– Stanford Social Innovation Review

These problems are substantial, but we are not powerless against them, nor do we need to rely on government alone to solve them.

Those of us who work with the nonprofit sector know that nonprofits aren't giving up in the face of these barriers to impact. On the contrary, most are doubling down on their efforts to drive change. Every day, nonprofit organizations are taking meaningful action to combat climate change, end poverty, fight hunger, improve education, advance equity, improve health outcomes, serve on the frontlines of the COVID-19 crisis, make communities safer, and so much more.

With more than 10 million nonprofits and non-governmental organizations worldwide, and approximately [1.56 million](#) of those based in the United States, we have the bench strength and the will to drive meaningful change, but no reliable way to optimize effectiveness and scale impact.

UNTIL NOW.

INTRODUCING THE NONPROFIT IMPACT SYSTEM™.

We have brought disparate research and best practices together into a simple system that has the power to make every nonprofit more effective. It is called The Nonprofit Impact System™, and it is transforming the way nonprofits operate. At the same time, it is transforming the way nonprofit supporters understand impact, and it is helping them direct their resources to the organizations best positioned to drive change.

The Nonprofit Impact System™ includes four dimensions of nonprofit effectiveness: Focus, Strategy, People, and Progress. Within each of those four dimensions, the System includes several critical components and proven practices nonprofits must develop to maximize their effectiveness.

The introduction of The Nonprofit Impact System™ represents the first time that nonprofits have had a complete, research-backed system for optimizing their effectiveness, and the first time their supporters have been able to look to that same system for understanding it.

Implementing The Nonprofit Impact System™ takes time, but you can begin today by making the 10 commitments outlined here, and asking your supporters to make 10 commitments of their own. These commitments are the first step toward building a more effective nonprofit sector, and a more effective nonprofit sector can build a better world.

The nonprofit sector has the bench strength to drive meaningful change:

**10 MILLION NONPROFITS
WORLDWIDE**

**1.56 MILLION NONPROFITS
IN THE U.S.**

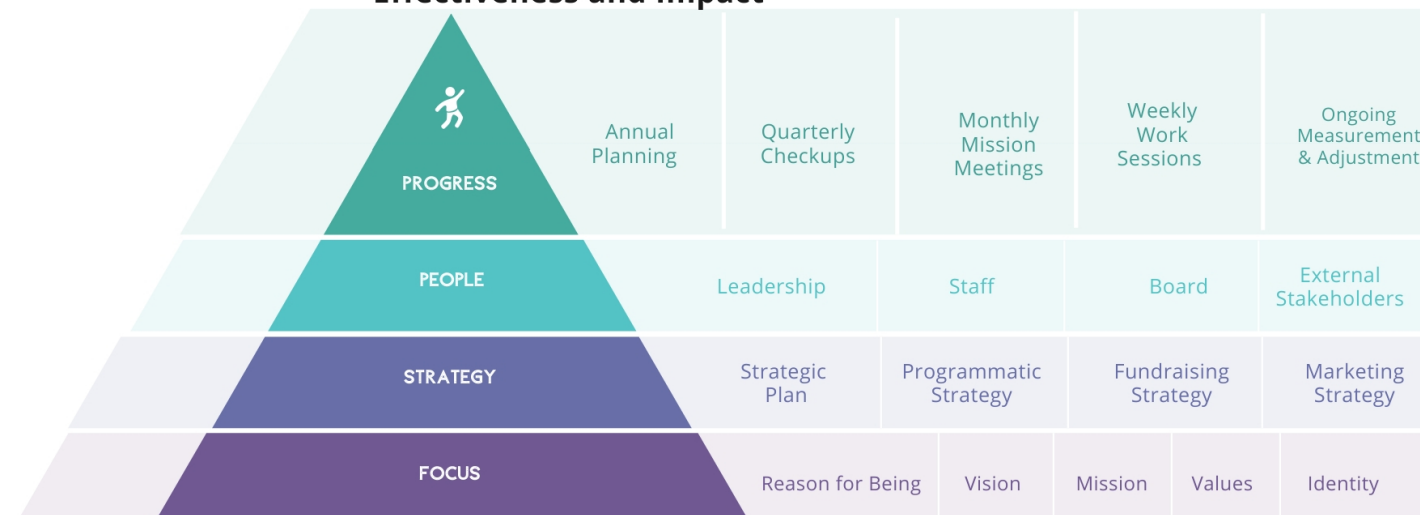
**3RD LARGEST EMPLOYER
IN THE U.S.**

**5-10 PERCENT OF THE
UNITED STATES' ECONOMY**

**10 PERCENT OF U.S.
EMPLOYMENT**

THE NONPROFIT IMPACT SYSTEM™

Effectiveness and Impact



COMMITMENT #1:

**WE WILL EXIST NOT BECAUSE
WE CAN, BUT BECAUSE WE
MUST.**

We recognize that our
organization should only exist if
it is truly distinct from all other
nonprofits in our ecosystem.



We recognize that our organization should exist only if it is truly distinct from all other nonprofits in our ecosystem. We know that the nonprofit sector is becoming more crowded all the time with organizations that are doing similar work, and we recognize that this duplication of efforts is counterproductive. It is causing more organizations to compete for fewer resources and limiting the sector's ability to produce impact at scale.

We will determine if our organization has a valid reason for being by asking ourselves whether we are uniquely positioned to make a specific impact that no other organization in our ecosystem can make in quite the same way. If the answer to that question is yes, we will place our reason for being at the center everything we do. If the answer is no, we will explore opportunities to merge or closely collaborate with other organizations that are doing similar work, recognizing that we can do more good together than apart.

COMMITMENT #2:**WE WILL FOSTER FOCUS INTERNALLY.**

We know our mission, vision and core values are more than just statements, they are our strategic guideposts.



We know that making an impact begins inside our organization. It starts with focusing our team around a shared understanding of the change we seek and how we are pursuing it--of where we're going and how we'll get there. As such, we commit to establishing a clear:

- **Vision.** Our vision describes the future our organization would create if we were to achieve all our goals.
- **Mission.** Our mission describes the work we are doing every day to drive toward our vision. It articulates what we do, who we do it for, and why it matters.
- **Set of Core Values.** Our core values serve as guiding principles for the behavior of everyone on our team as we work to advance our mission.

We recognize that our mission, vision and core values are more than just statements. They are the strategic underpinnings of our organization, and we commit to treating them as such. We will embed our mission, vision, and core values into every facet of our culture and use them as tools to guide our decision making.

COMMITMENT #3:**WE WILL COMMUNICATE OUR
FOCUS EXTERNALLY THROUGH
A STRONG BRAND.**

We commit to treating
our brand as one of our
organization's greatest assets.



We will treat our brand as one of our organization's greatest assets. We recognize that our brand is the first impression of our organization, and that the information it conveys about our reason for being, mission, vision, and core values can spark interest and encourage engagement from the people we most need to reach.

We will stop making our nonprofit status an excuse for having an unrecognizable or unremarkable brand. In fact, we'll start believing, and acting on the belief, that nonprofit brands like ours should be among the most revered brands in the world, mentioned in the same breath as Amazon, Tesla, Google and Apple. Their budgets may be bigger than ours, but our aims are far higher, and our value to society is far greater.

We will invest in building a strong brand and realize that this work is ongoing and must be done organization-wide. We will ensure everyone on our team has the tools to represent our brand effectively, and commit to strengthening it with every interaction.

COMMITMENT #4:**WE WILL ESTABLISH WHAT
SUCCESS LOOKS LIKE.**

We will commit to measuring
our progress toward our
mission and sharing it with the
world.




We know that traditional metrics used to measure a nonprofit's success do not actually determine whether our organization is effectively advancing its mission and making an impact. The common practice of using overhead ratios as a proxy for effectiveness is a backwards approach that perpetuates the Nonprofit Starvation Cycle and keeps organizations like ours from achieving impact at scale. Metrics like dollars raised and number of people served are slightly better, but they still fall far short of illuminating whether we are making our intended impact.

We will abandon metrics like these and instead commit to establishing what success looks like for our organization and our mission. We will begin with tracking financial health metrics, because until our organizations are financially healthy, we will struggle to move our plans forward. Then, we will establish clear metrics associated with each goal in our strategic plan, and each outcome our organization is looking to drive over its entire lifespan. At every level, we will create benchmarks, targets and measurement practices to ensure our entire team is rowing in the same direction.

COMMITMENT #5:**WE WILL PRACTICE AGILE STRATEGIC PLANNING.**

We commit to making
our strategic plan a living,
breathing roadmap.



We know that our organization needs a clear strategic plan for bringing its goals to life. Without one, we will struggle to turn our focus into action, leverage the power of our people, and make any sort of quantifiable progress toward our mission. However, we also recognize that our sector has an unhealthy habit of developing a strategic plan and then tucking it away in a drawer, or taking so long to develop it that it becomes outdated the moment it is completed.

We commit to breaking this habit by establishing a more agile approach for building our strategic plan and taking action on it. This includes creating it with proper participation and input from various members of our organization, internally and externally, from our leadership and staff to our board of directors and our clients.

Once complete, we will ensure everyone within our organization understands their role in bringing it to life and we will reference it regularly as we evaluate progress toward our goals. We commit to making our strategic plan a living, breathing document, and we will not be afraid to update it or deviate course when unforeseen circumstances, challenges or opportunities arise.

COMMITMENT #6:**EACH KEY FUNCTION OF OUR ORGANIZATION WILL HAVE ITS OWN STRATEGY AND SUFFICIENT BUDGET**

We recognize each of our organization's key functions deserves its own strategy and budget in alignment with our strategic plan.



We recognize that a strategic plan alone is not enough to chart our organization's path forward. Each of our organization's key functions, including programs, operations, marketing and fundraising, deserves its own strategy and budget that is developed in direct response to and alignment with our organization's strategic plan.

We recognize that among the four key functions of our organization, a sufficient budget is typically made available for only one: programs. But we know that we can't achieve our goals and scale our impact without an adequate investment in our operations, marketing/communications and development/fundraising functions. We commit to setting sufficient budgets in these areas and helping our funders and supporters understand why investing in them is so important to our organization's health and effectiveness.

COMMITMENT #7:**WE WILL CO-CREATE CHANGE.**

We will seek input from our stakeholders, including from those who benefit from our programs and services.



We will seek input from our stakeholders, especially those who benefit from our programs and services, as we shape our strategy and do our work. Rather than prescribing solutions to challenges faced by a group or community, we will co-create change together, and our beneficiaries' input will guide our most important decisions.

We will build the conditions for co-creation by developing an advisory board made up of representatives from all of our external stakeholder groups and meeting regularly to get their input on our strategies and work in progress. This advisory board may include everyone from our donors to our community partners, but we will put a particular emphasis on including those who benefit from our programs and services. Importantly, we will also ensure our beneficiaries are represented on our governing board. We know that our organization cannot truly be a force for good without their ongoing involvement and input.

COMMITMENT #8:

WE WILL PRIORITIZE OUR PEOPLE.

We will develop a diverse, equitable and inclusive team and board.



We know that human capital is mission critical. We can't be a truly effective organization unless we have the right people in the right roles doing the right things, across both our staff and our board of directors. For us, getting the right people in the right roles will start with recruiting people that align with our core values and matching skills, aptitudes, and interests with job requirements, but it won't stop there.

We will also prioritize developing a diverse, equitable and inclusive team and board that is representative of the people and communities we serve, and we will create opportunities for everyone to succeed. We will chart a clear path for every person on our staff and board, helping us foster the development of our most effective people as they work toward their highest potential.

Last, but certainly not least, we recognize that the best talent is often driven out of the nonprofit sector by compensation that is far from competitive. We commit to breaking this mold, and doing whatever it takes to compensate our people at a fair market rate commensurate with both the impact they are making and the results they are producing.

COMMITMENT #9:

**WE WILL HOLD EVERYONE ON
OUR TEAM ACCOUNTABLE TO
OUR MISSION.**

We will commit to doing
what we say we will do in our
strategic plans.




We will commit to doing what we say we will do in our strategic plans, and this commitment will be more than just lip service. We will put processes in place that ensure everyone on our team is moving their work forward and contributing to the continual progress we need to make on our mission.

We will take ownership of our work, track it regularly, share it with the team and collaborate to stay on track. We know that the vast majority of people in our organization care deeply about our mission and actually crave processes like these that hold them accountable to advancing it.

COMMITMENT #10:**WE WILL MEASURE OUR IMPACT,
REPORT ON IT, AND OPTIMIZE.**

We commit to measuring our impact and will track our metrics on a shared internal dashboard.



Now that we know what success looks like and have processes in place for getting everyone to contribute to it, we can commit to measuring our impact. We will track our metrics on a shared internal dashboard, but we will not keep this information to ourselves. Instead, we commit to making our most important metrics as visible to the outside world as possible. We will make a digestible version of our dashboard accessible online so we can share real-time results, and we will report on our impact in detail at least once a year through an annual report made available to the public. We recognize that communicating about our impact can only accelerate it, and we do so openly and often.

But measurement and reporting aren't just tools for soliciting support. We recognize that the metrics we are tracking and the results we are reporting on play an even more important role: they help us understand what is working and what is not. We will study our metrics and results critically, and continually ask ourselves how the things we're learning from them can help us optimize our efforts in order to make our organization even more effective and impactful.

The world is ready and waiting for a more effective nonprofit sector. Will you answer the call?

If you're aligned with the ideas in this Manifesto, the time to take action is now. Making these commitments is only the beginning. You can start using The Nonprofit Impact System™ at your nonprofit by visiting nonprofitimpactsystem.com and accessing the library of free tools and resources you'll find there. We're also here to support you with workshops, coaching and consulting services that will help you unlock the full power of The Nonprofit Impact System™ for your organization.

Your nonprofit has a hard road ahead. That's undeniable. The problems you're aiming to solve are massive in scale, and there are so many barriers holding you back from making the impact you know is needed. But with The Nonprofit Impact System™, you finally have the tools to knock down those barriers and drive the change you have always known your organization was capable of making.

THANK YOU
FOR
COMMITTING
TO BUILDING
A BETTER
NONPROFIT
SECTOR

and in turn, a better world.

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www.prosper-strategies.com

hello@prosper-strategies.com

312.955.0680



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