

# NONPROFIT SUSTAINABILITY: MAKING THE CASE FOR STRATEGIC INVESTMENT

by Debra Thompson



Sustainability is “the capacity to endure.”<sup>1</sup> In recent years, language to create a “sustainable business model” has entered the nonprofit world. Forum for the Future describes three components for a sustainable business model. These include:

1. **Commercial Success** – The product/service has a “value proposition” important enough that a customer will “pay” enough for it that it generates a profit (excess revenue over expenses)
2. **Future Ready** – It will succeed in a world of rising, volatile energy and commodity prices
3. **Part of a Sustainable Society** – The organization must match its external environmental conditions with a thriving economy that is delivering social progress within environmental limits<sup>2</sup>

**To be sustainable, an organization must offer a value proposition that makes a difference in the world in a way that someone is willing to fund.** How sustainable is your nonprofit? The answer lies in your ability to make a case for support for investment in your programs and services.

“The case for support is a necessary first step in preparing to ask for major gifts,” says Ted Wood, veteran fundraising counsel who has helped dozens of nonprofits reach their fundraising goals. “The case itself draws specifically from the organization’s strategic plan and details the project and/or program to be funded. It highlights the urgency of the project and/or program to the organization and the relevance to the potential donors.”

Many “shortcut” this process then wonder why they have trouble raising money. Developing a “compelling case” is required whether you are seeking federal or private foundation grants or cultivating individual donors. Steps include:

1. **Conduct (or participate in) a community needs assessment.** Quantify need by gathering data. Nonprofits should gather input from their current clients and community on an ongoing basis. Every nonprofit hospital is now required to conduct a community health needs assessment at least every three years. Collaborate with local organizations to collect the data you need.
2. **Create a strategic plan.** This is not a warm fuzzy vision statement and goals. Outline the specific (new and innovative) programs and services that you will offer; identify the human, capital and operating resources that it will take to manage, measure and evaluate the outcomes and impact.

3. **Quantify the expected outcomes and impact of the strategic investment.** What happens to clients, the program and agency overall if the investment is made? Funders are looking for programs that not only achieve outcomes, but also “save the system money” either immediately or over time. Complete a 3-5 year financial proforma illustrating the effect that the investment will have on people served, the outcomes they achieve, and the sustainability of the organization. Quantify the cost savings and financial/economic impact that your program outcomes will generate over time.

4. **Create an attractive narrative that includes data and emotion-evoking stories.** While the organization’s professional staff can draft it, the final product needs the hands-on input and review (not rubber stamp) of volunteer leaders and community stakeholders. When subjected to this team effort, both administrative and volunteer leadership take ownership for the success of the case they have authored. This is one of the best ways to get board members engaged in the fundraising process, making them problem-solvers and door openers when it comes to securing gifts.

Grantmakers and donors have become more sophisticated and want information regarding the difference their investment makes. It is becoming more difficult, if not impossible, for nonprofit organizations to obtain funding if they are not operating at this level. It is imperative for nonprofit leaders and board members to recognize that sustainability is dependent on a strategic approach to planning and fundraising, and learn these skills today.

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1 n.a. (2010). Sustainability: Can our society endure? SustainAbility. Retrieved from <http://www.sustainability.com/sustainability>

2 Brent, David. (2011, November 17). Characteristics of a sustainable business model. Forum for the Future. Retrieved from <http://www.forumforthefuture.org/blog/characteristics-sustainable-business-model>