Leila Sue Hejazi
Bachelor of Science in Business Administration
and Bachelor of Arts

The Sustainability of Nonprofit Organizations

Senior Project
Leila Hejazi

Introduction

Most businesses exist in order to generate a profit. However, in the case of nonprofit organizations, which are a type of business, the generation of profits is not their primary focus. Instead, nonprofit organizations are formed in order to meet one or more of society's needs. The types of available nonprofit services range from arts to education to health (McNamara). Whatever the type, these services are an important part of our society.

It is interesting to note that nonprofit organizations are not a new trend in our society. In fact, they have been an important part of our society for quite some time. For example, the inception of the Boys & Girls Clubs of America dates back to 1860, the Boy Scouts of America was incorporated in the United States in 1910, and the March of Dimes was established in 1938 in response to the polio epidemic ("Civic and Social Organizations in the US: Key Competitors" and "The March of Dimes Story").

These three organizations serve as prime examples of the sustainability of nonprofit organizations. However, such sustainability is not always easy for nonprofit organizations to achieve. Since these organizations do provide such vital services, it is important to understand the issues that challenge their sustainability. Once the challenges are understood, one can then look toward possible solutions for creating sustainable organizations.

The Basics

As mentioned before, nonprofit organizations do not exist to reap a profit. Instead, these organizations are motivated by other overall goals. These goals are expressed in the organization's mission statement (McNamara). For example, the mission statement of the Worldwide Orphans Foundation (WWO) is "to enrich the lives of and enhance the physical,

emotional, social, and intellectual well being of children living in orphanages throughout the world" (Applegate and Saltrick 21).

After they have developed a mission statement, major functions of nonprofit organizations include creating programs in order to reach their goals (McNamara). Thus, the WWO has established the Orphan Rangers program to send people, such as college students, abroad for a set period of time to provide direct care to kids in orphanages (Applegate and Saltrick 3).

Some key players in nonprofit organizations include: the community being served by the organization, the board (which is in charge of the overall direction and policies of the organization), the executive director, the staff, and the volunteers.

In order to meet their financial needs, nonprofit organizations must engage in fundraising. Fundraising endeavors can result in the receipt of grants, which are given by government agencies, foundations, or corporations. Funds may also come from individual donations (McNamara).

Internal Challenges

Currently, nonprofit organizations are faced with numerous internal challenges. Even though internal challenges are present in all nonprofit organizations, certain challenges tend to be compounded based on the size of the organization. For example, making sure not to lose sight of your central vision might be particularly difficult for large organizations. While smaller organizations, due to their lack of money, reach, etc., might experience more difficulty in finding the best personnel to make their organizations succeed (McNamara).

External Challenges

Besides the various internal challenges, nonprofit organizations must also deal with the numerous external challenges that exist. These challenges include: increased competition for public support, shifting patterns of public funding, and increased demand for services ("Nonprofit Organization: Your Challenges & Opportunities").

In the United States alone, more than 1.6 million nonprofit organizations exist ("Non-profit organization"). All of these organizations rely on financial support from corporations, individuals, etc. Obviously, the sheer number of nonprofit organizations in existence has increased the competition for these funds. Also, shifts in funding occur as society shifts its focus.

For example, in the 1980s, nonprofit organizations that focused on the elderly received major support. However, these same organizations saw their support dwindle as youth issues became a main priority of the 1990s (McNamara). Another example that comes to mind is the "LIVE**STRONG**" wristbands, which are sponsored by the Lance Armstrong Foundation and were very popular not too long ago. While there is still strong support for the overall movement of empowering those with cancer, it seems that there is less of a focus on this particular organization.

In regards to the shifting patterns of public funding, cutbacks in federal funding to nonprofit organizations are currently occurring. Also, the money that is designated for the organizations may now be allocated at the state, as opposed to the federal, level (McNamara). It seems that this more localized level of control will be difficult for nonprofit organizations with national agendas.

Another significant challenge is how to manage change. In other words, nonprofit organizations have to figure out "how to stay the course and reach their established goals" in a dynamic environment (Connolly and York 33).

Success Stories: The YMCA

A prime example of a nonprofit organization that has managed change effectively is the Young Men's Christian Association (YMCA). The YMCA was founded in the United Kingdom in 1844 as an evangelical association for young men. Today, the organization is headquartered in Chicago, Illinois and is the largest nonprofit community service organization in the United States. With locations in more than 120 countries, revenues of $5,060 million in 2005, and 561,132 volunteers, the YMCA seems poised for future sustainability as well. The success of the YMCA can be attributed to the broad variety of services it offers its members, its vast geographic penetration nationwide (approximately 72 million US households are located within 3 miles of a YMCA), and its widely recognized and respected branding ("Civic and Social Organizations in the US: Key Competitors").

One other key aspect of its success is the way that the organization has been able to change and adapt itself. Throughout the years, the YMCA has been able to transform its goals without narrowing them, maintain a high degree of organizational flexibility, and develop an enlarged membership base (Zald and Wallace 223).

Outlook: Societal Trends

Of course, not every nonprofit organization will experience the same level of success as the YMCA. However, there are some trends in today's society that seem to benefit nonprofit organizations. For example, the terrorist attacks of September 11, 2001 and natural disasters, such as Hurricane Katrina, have increased the interest in and the giving to social organizations. The expansion of Internet use has made nonprofit organizations more accessible to interested parties. The willingness of nonprofit organizations to embrace ethnic diversity has aided them as they serve to meet the needs of a more diverse system ("Civic and Social Organizations in the

US: Industry Performance"). For example, Teach For America, a very successful nonprofit organization, encourages people, who are able, to teach in a bilingual Spanish classroom.

Nonprofit organizations are also benefiting from businesses taking on corporate responsibility and philanthropic endeavors. Nonprofit organizations are helping themselves by creating more efficient programs and adopting organizational transparency. Practices such as these fulfill society's demand for organizations they can trust. ("Civic and Social Organizations in the US: Industry Performance"). Even though they are not categorized as a nonprofit organization, the Federal Emergency Management Agency (FEMA), whose mission is helping people, is a prime example of an organization that has come under fire for not being efficient or transparent enough.

Personal Experience

The vision of Teach For America is articulated by the phrase, "One day, all children in this nation will have the opportunity to attain an excellent education." The organization was founded in 1990 in order to turn this vision into a reality (Kopp 185). Since that time, Teach For America has experienced tremendous success and has become the nation's largest provider of teachers for low-income communities ("History").

I first became involved with Teach For America in the fall of 2004, when I worked as a Campus Campaign Manager on behalf of the organization. Just recently, I was extended an offer to become part of their teaching corps. Ever since my first encounter with Teach For America, I have been amazed by the passion and conviction of the people who work for the organization. I have also been impressed with the way that Teach For America works to make their vision a reality. In other words, they realize that the passion and conviction that inspires the founding of a nonprofit organization is not enough to sustain the organization in the long run. Thus, Teach

For America has established priorities for the program. For example, they want to ensure that corps members achieve a high level of success, and they want to make their movement as large as possible. In order to support their program, they have also developed institutional priorities. These priorities include: substantially growing their financial base and expanding their organizational capacity by strengthening their staff and technological systems (Kopp 182-3).

Keys to Sustainability

Even though organizations such as Teach For America do have structured programs and institutional priorities, they are still driven by their respective visions. Unfortunately, Professor Robert Payton notes "we have come to treat philanthropy more and more as a business." Losing sight of the organization's vision and purpose can erode ethical behavior and long-term success. Thus, an obvious key to sustainability is for nonprofit organizations to always keep their vision and mission in sight. After all, the desire to fulfill a particular mission is the whole reason a nonprofit organization is even created in the first place (Cohen).

Another strategy that is being utilized to achieve sustainability is the enhancement of organizational effectiveness. In other words, organizations are strengthening their management through such means as: leadership development, strategic planning, program design and evaluation, and board development (Connolly and York 33).

A good example of board development in action can be seen in the case of the WWO. In 2004, the board was made up of eight members who had taken an interest in the work of Dr. Jane Aronson, the organization's founder. However, as the programs offered by the WWO grew, "Aronson realized she needed more than her well-intentioned but underpowered board could provide." Knowing that she did not have all the answers when it came to restructuring her board, Aronson turned to an outside consulting firm for help (Applegate and Saltrick 13). This

willingness to turn to outside experts for help can be very beneficial to a nonprofit organization. After all, just because Aronson had developed the vision of the WWO, it did not mean that she knew exactly how to support this vision organizationally. As a result of the outside advice, Aronson made a number of changes to the board's membership in order to develop a strong board "to organize, provide oversight, and help make decisions" (Applegate and Saltrick 14).

This interest in organizational effectiveness stems from the fact that nonprofit organizations are realizing that a stronger organization can lead to greater program impact (Connolly and York 33). In other words, organizational effectiveness is the means by which an organization's vision can become a reality.

Recently, nonprofit organizations have found mergers to be an effective way to deal with changing environmental conditions (Yankey, Wester, and Campbell 492). After all, with more than 1.6 million nonprofit organizations coexisting in the United States, it stands to reason that organizations with similar missions would benefit from a merger. For example, through means of a merger organizations might increase their financial and human resources.

Conclusion

Due to their importance in the past, present, and future of our society, it is important to take the time to explore the world of nonprofit organizations. One area that is particularly interesting is the sustainability of these organizations. It seems that two key components to this sustainability are a strong organization to support an equally strong vision and an ability to adapt and change.

Bibliography

Applegate, Lynda M. and Susan Saltrick. "Worldwide Orphans Foundation." Harvard Business School. 20 Mar. 2007. 3 May 2007.

"Civic and Social Organizations in the US: Industry Performance." IBISWorld. 19 Dec. 2006. 3 May 2007. <http://www.ibisworld.com/industry/performance.aspx?indid=1755>.

"Civic and Social Organizations in the US: Key Competitors." IBISWorld. 19 Dec. 2006. 3 May 2007. <http://www.ibisworld.com/industry/keycompetitors.aspx?indid=1755>.

Cohen, Todd. "Ethics: Part 2." 1 Dec. 2005. 3 May 2007. <http://www.philanthropyjournal.org/newsviewer.cfm? articleid=98373&PTSidebarOptID=0&returnTo= javascript%3Ahistory.back()%3B&returntoname=Search&SiteID=1664&thetitle=Ethics%2C%20Part%202&pageid=0&sidepageid=0&publishDate=2005-12-01%2000:00:00.0>.

Connolly, Paul and Peter York. "Evaluating Capacity-Building Efforts for Nonprofit Organizations." 2002. 1 May 2007. <www.ucsf.edu/aetcnec/evaluation/Connolly_ CapacityBuilding _02.pdf>.

"History." 2006. 1 May 2007. <http://www.teachforamerica.org/about/our_history.htm>.

Kopp, Wendy. One Day, All Children.... New York: Public Affairs, 2003.

McNamara, Carter. "Basic Overview of Nonprofit Organizations." 2007. 1 May 2007. <http://www.managementhelp.org/org_thry/np_thry/np_intro.htm>.

"Non-profit organization." 2007. 1 May 2007 <http://en.wikipedia.org/wiki/Non-profit_organization>.

"Nonprofit Organization: Your Challenges & Opportunities." 2006. 3 May 2007. <http://www.tccgrp.com/nonprofit.html>.

"The March of Dimes Story." 2007. 3 May 2007. <http://www.marchofdimes.com/aboutus/789_

821.asp>.

Yankey, John A., Barbara Wester, and David Campbell. "Managing Mergers and Consolidations." Skills for Effective Management of Nonprofit Organizations. 1998. 3 May 2007. <www.uwex.edu/li/learner/CAMPB.pdf>.

Zald, Mayer N. and Patricia Denton Wallace. "From Evangelism to General Service: The Transformation of the YMCA." Qualitative Studies of Organizations. Ed. John Van Maanen. Thousand Oaks: SAGE Publications, Inc., 1998. 223-39.