

NFP SUCCESS

STRATEGY IN THE
NOT-FOR-PROFIT
SECTOR
2021-2022 REPORT



SUCCESS
GROWTH AND PURPOSE

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STRATEGY IN THE NOT-FOR-PROFIT SECTOR 2021-2022 REPORT

Since establishing NFP Success in 2015, NFP Success has worked with 3291 small to medium sized not-for profit and community organisations to facilitate the design, delivery, and implementation of their strategic plans. In this past fiscal year, we have continued this course. We regularly run not-for-profit focused surveys to better understand what the current issues are and look to share our learnings with our clients and the broader sector. This report analyses both our observation and sector survey results and we hope that it will provide insight to sector leaders when crafting successful strategies for the future.

ABOUT NFP SUCCESS

NFP Success was established in 2015 as an affordable consultancy service for the Australian Not for Profit and Community Sectors. Since establishing we have worked with 3,291 Australian not for profit organisations. We have a team of 54 Consultants located throughout Australia and all relevant tertiary level qualifications and all have held CEO and Board positions in the NFP and Community sectors.



UNDERSTANDING YOUR NEEDS

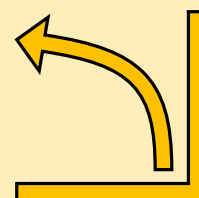


Many not-for-profit sector organisations face challenges in a range of areas and need to build capacity and capability to better serve their community. Although all our products have been through multiple iterations and are proven to be effective, we understand that each service is unique and therefore take the time to ensure that what we offer matches that uniqueness.

WHY US?

Our DNA is 100% NFP Sector. We exclusively work with not-for-profit organisations. Our promise to you is that we will be:

- ✓ Personal and practical
- ✓ Affordable
- ✓ Committed to metro and regions - no additional fees for travel
- ✓ Available – including afterhours, weekends, and evenings just like your Board.



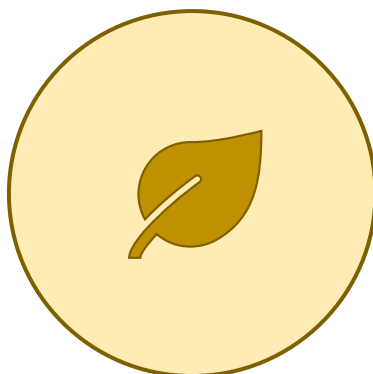
EXECUTIVE SUMMARY

The 2021-2022 Strategy in the Not-for-Profit Sector Report analyses the common themes present in not-for-profit strategic plans. The report looks at how we as a sector are going about planning, who is involved with planning and how we are utilising our plans. The report concludes by outlining the common types of opportunities, challenges and strategies not-for-profits are adopting when executing strategic plans.

OUR METHODOLOGY

Over the 2021-2022 fiscal year NFP Success conducted multiple surveys exploring not-for-profits. This report draws upon our surveys and observations relating to strategic priorities. Collectively hundreds of small (<20 employees) and Medium sized (<100 employees) organisations participated in our surveys and programs. Our work with not-for-profits spanned Australia wide, including all the major cities and rural and remote communities. The diversity and coverage of our work and surveys reached all corners of the Australian NFP landscape, including governance, strategy, business performance, funding, and human resources.

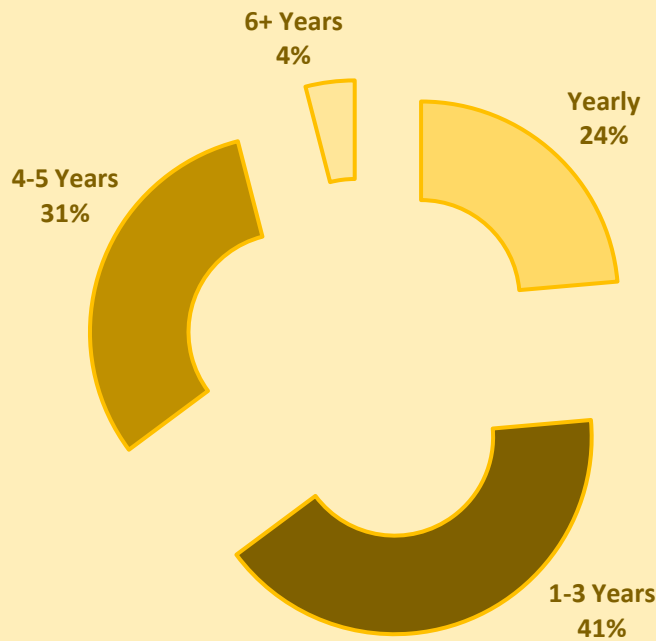
- Home and Community Care
- Community Transport
- Aged Care
- Child Care and OOSH
- Youth
- Disability
- Mental Health
- Domestic Violence
- Environment and Conservation
- Drug and Alcohol
- Social Justice
- Aboriginal and Torres Strait Islander
- Peak Bodies
- Faith Based
- Member Based
- Student Unions
- Education and Training
- Sports and Recreation
- Community Welfare
- Advocacy
- Multicultural
- Child Protection



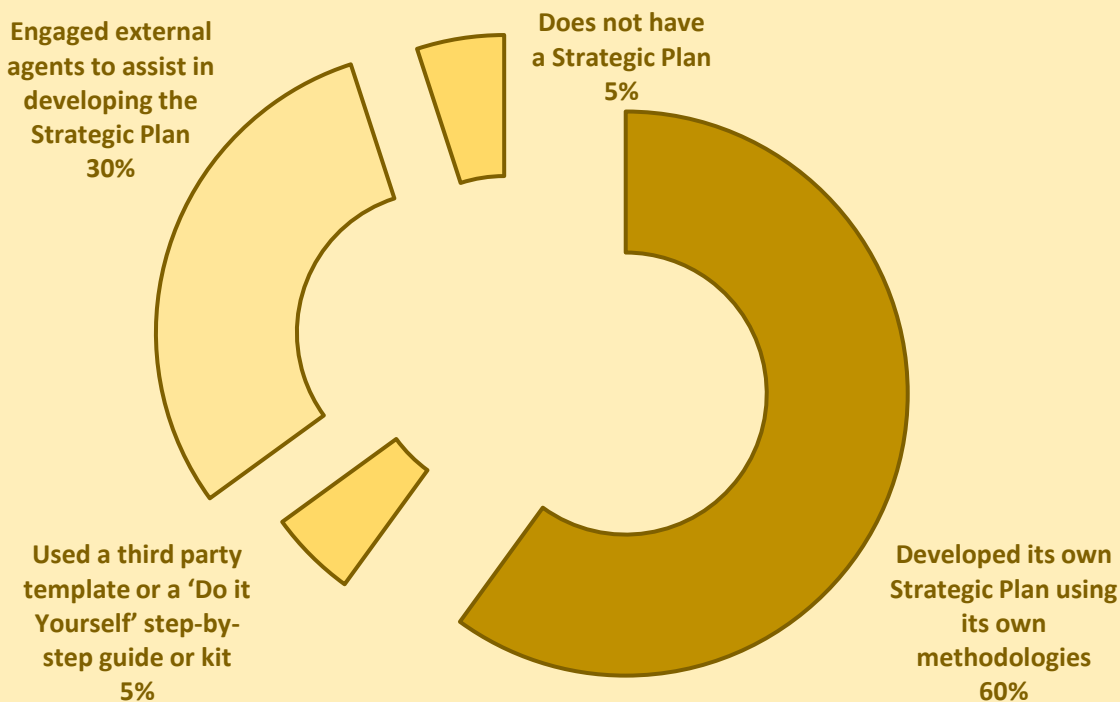
THE LANDSCAPE – HOW THE NFP SECTOR IS APPROACHING STRATEGIC PLANNING

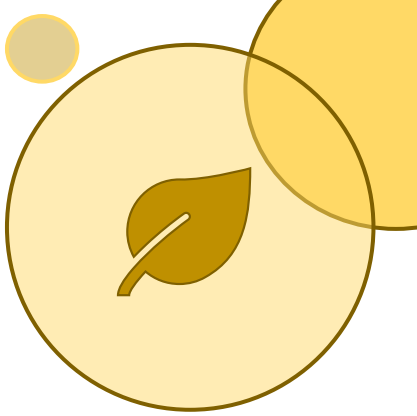
Through our surveys we have been able to establish a baseline for understanding how not-for-profits go about strategic planning. What we see in our sampling is that the majority are conducting strategic planning in-house. We are also seeing an emergence of not-for-profits utilising "do it yourself" packages to facilitate this process. Most organisations clearly rely on the Board and CEO/GM when developing their plans and many involved other management and employee's. A majority are developing their plans for a one-to-three-year period with a minority establishing plans to four-, five- and six-year horizons.

How often does your organisation develop or renew its Strategic Plan?

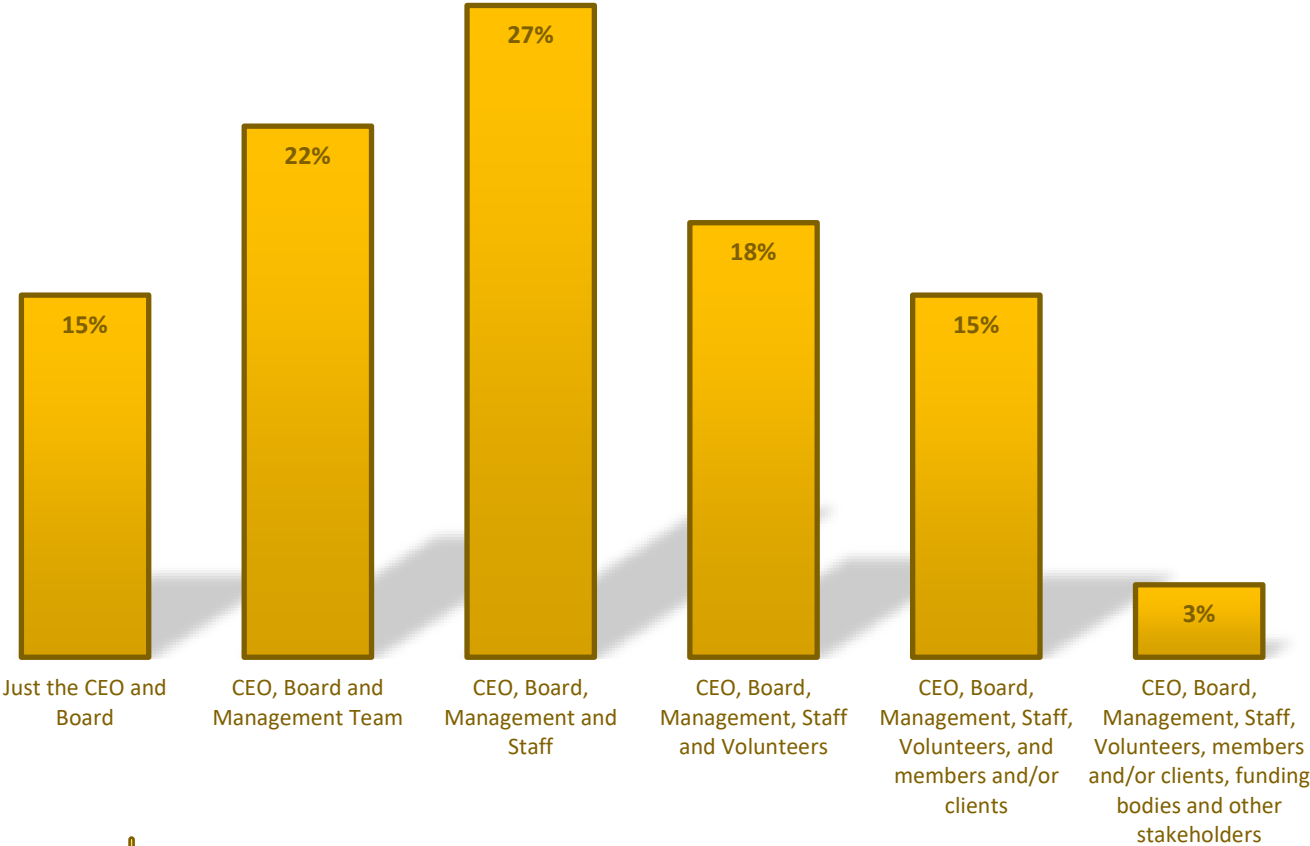


In terms of your last Strategic Plan, your organisation:





When developing your last Strategic Plan, how widely did you consult your organisation in its development?



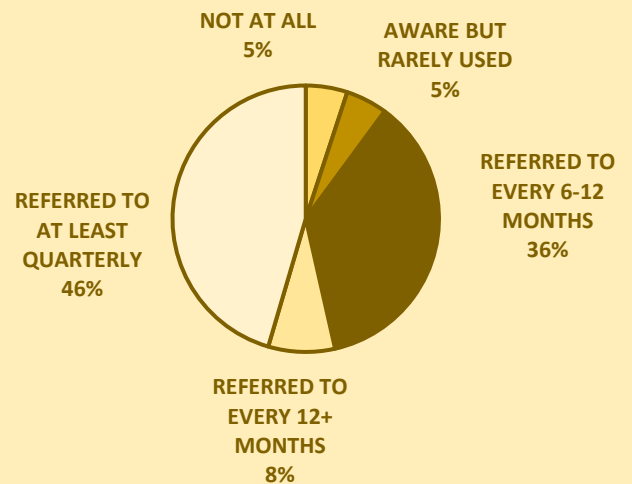
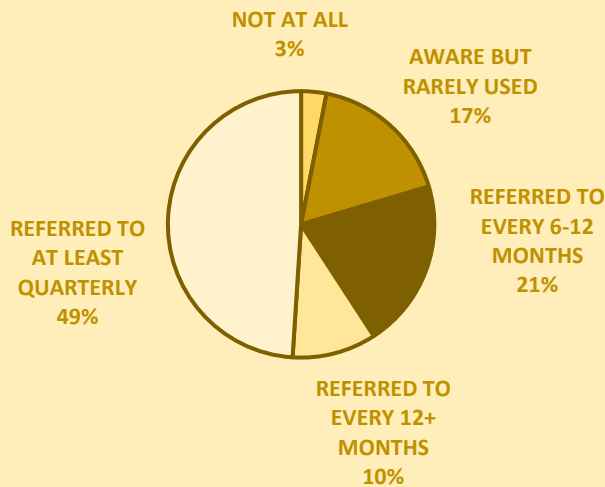
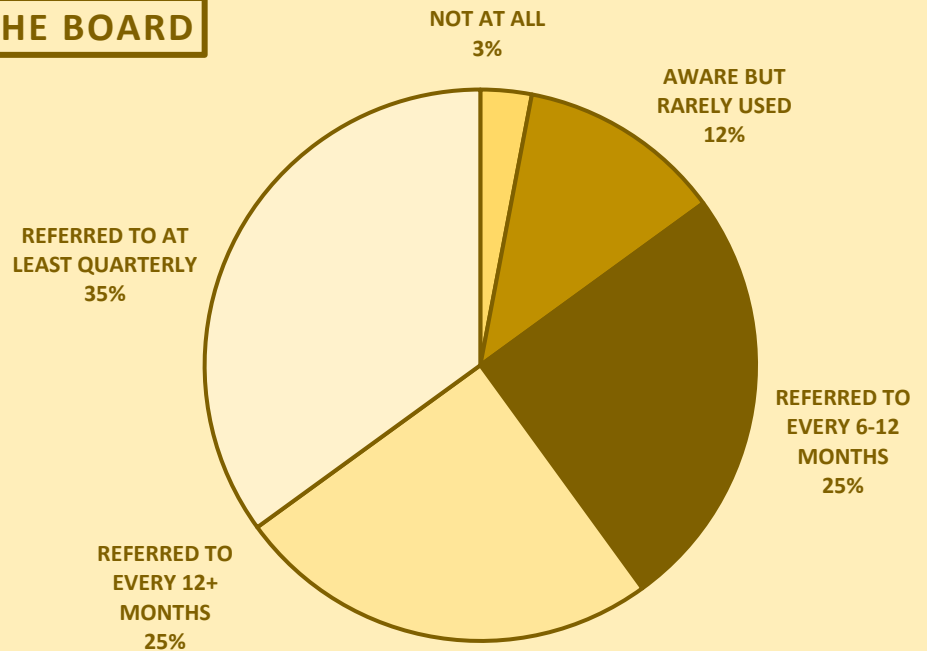
Insight

Considering the recent pandemic, changes in Government and other destabilising factors, NFPs may benefit from adopting more agile strategic horizons into their strategic plans. Using one, two and three-year horizons is preferred to traditional longer periods. Emerging research suggests that broader consultation reaching all the way through to clients may be required in the development of meaningful, high-impact and inspirational strategies

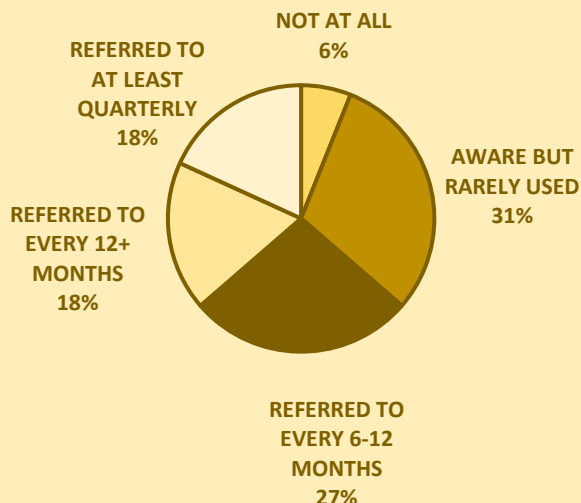
AWARENESS AND UTILISATION OF PLANS

How would you rate your organisation's general awareness and use of the Strategic Plan?

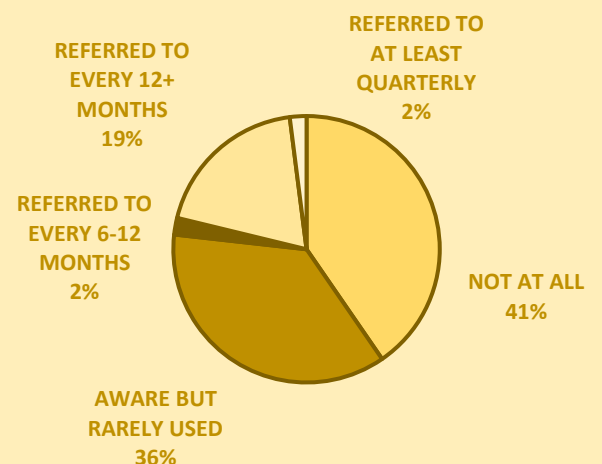
THE BOARD



THE CEO

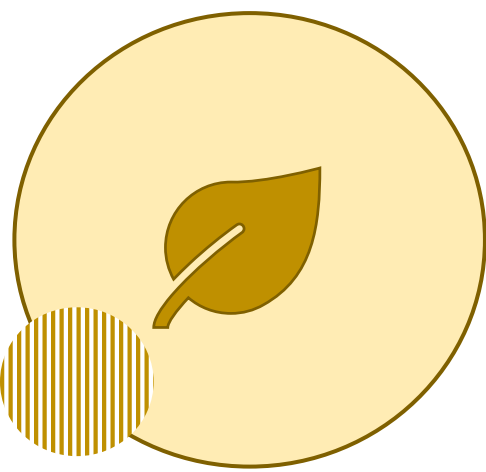


SENIOR MANAGEMENT



EMPLOYEE'S

VOLUNTEERS

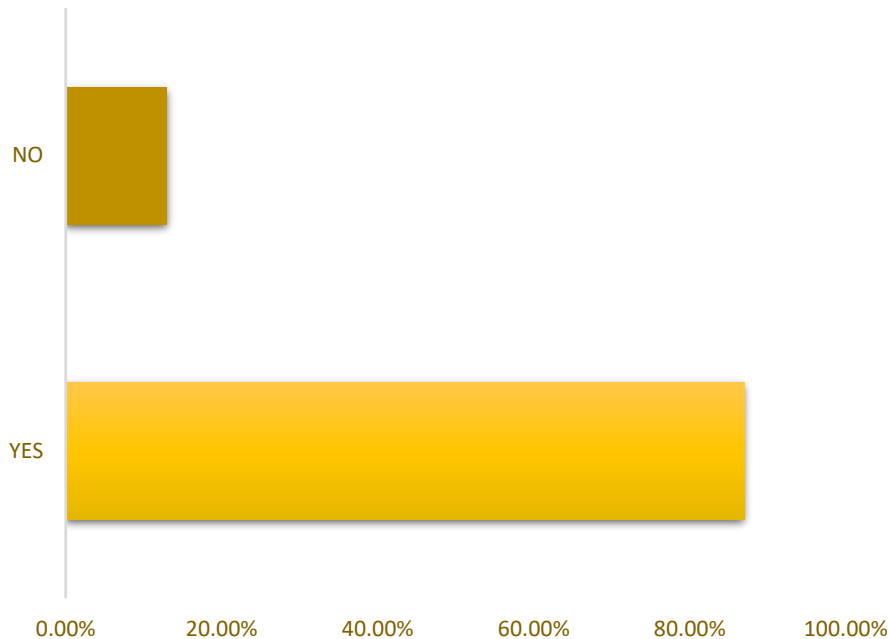


Does your Strategic Plan clearly outline your organisation's purpose, objectives, and goals for the upcoming period?

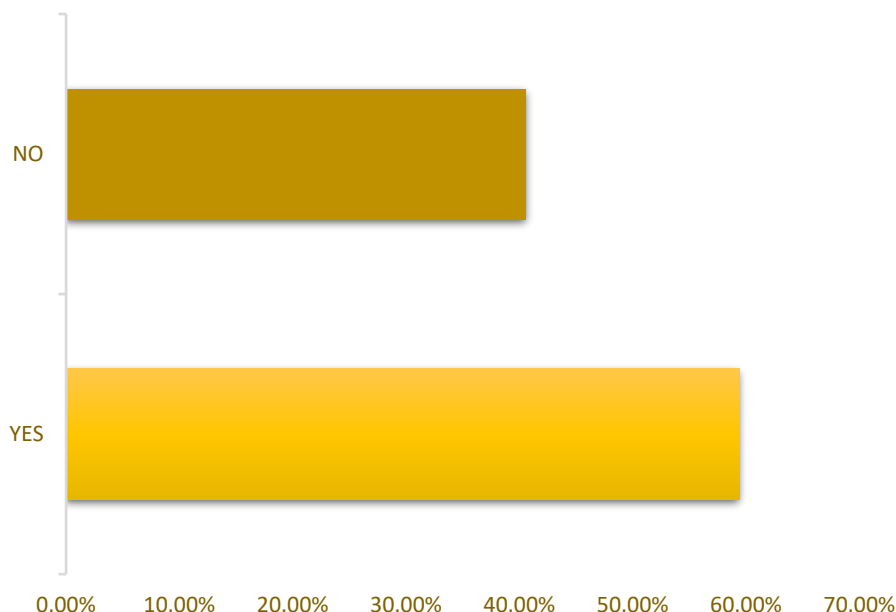


Insight

Whilst Senior Leaders and Executives are using their plans frequently, many not-for-profits have adopted a traditional top-down approach when it comes to strategic plan awareness and communication. A large proportion of employees and volunteers lack the current awareness of, and scarcely implement the strategic plan on a regular basis. Although many Executives report regularly working towards objectives and goals, it does not seem that they effectively cascade these to all levels of the organisation. Not-for-profit organisations are uniquely dependent on achieving their purpose and it is therefore imperative that the strategic plan is brought to life and celebrated in the daily undertakings of all involved.

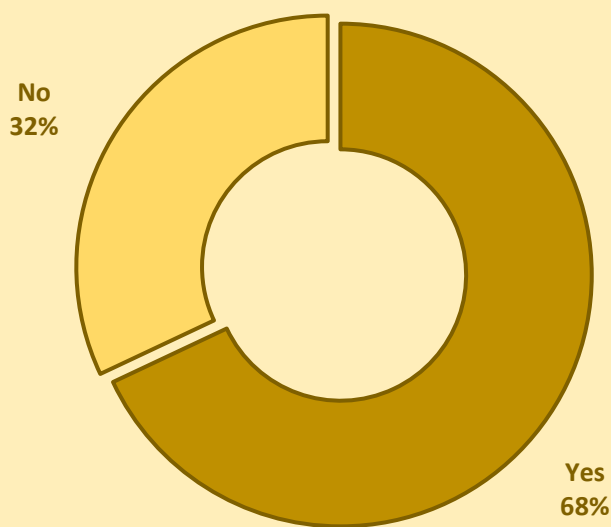


Does your Strategic Plan contain measures of success that are regularly used by the organisation for performance purposes?



DEVELOPING THE PLAN AND ENGAGING WITH STAKEHOLDERS

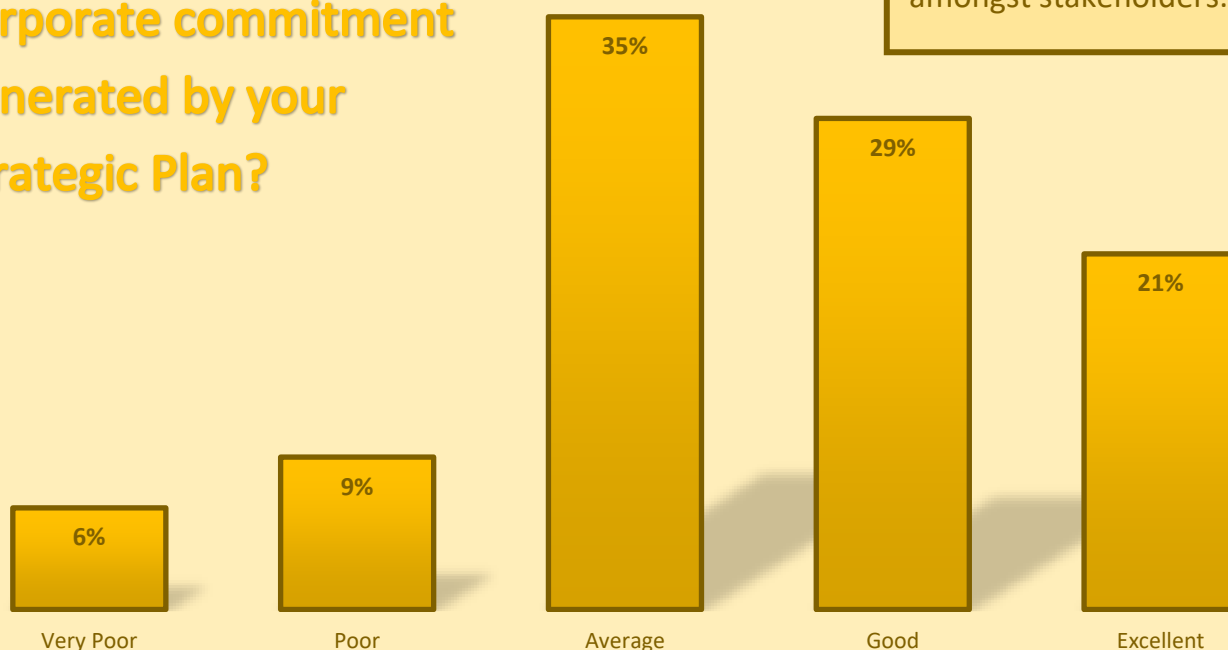
Does your Strategic Plan consider and assess current and future internal and external market factors?



Insight

Best practice strategic planning involves the thorough assessment of the organisation's internal and external strengths, weaknesses, opportunities, and threats. Many not-for-profits are undertaking this comprehensive assessment while some may be only assessing components of it. Very often strategic plans lacking futuristic insights based on current and projected external market data, are operational plans in nature and only nominal strategic plans. This phenomenon may account for the average and below average inspiration and commitment they generate amongst stakeholders.

How would you rate the inspirational impact and corporate commitment generated by your Strategic Plan?



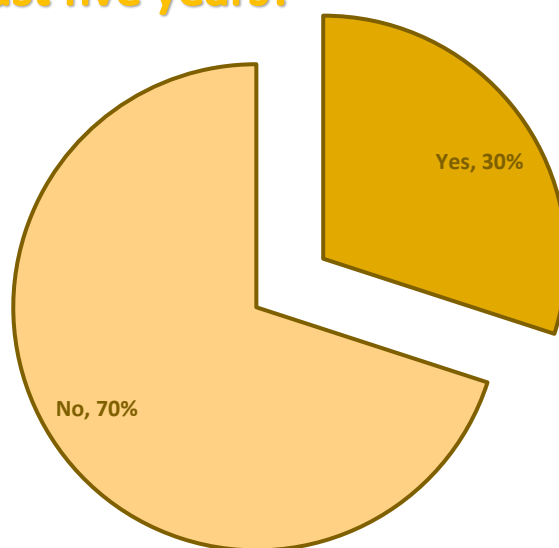
STRATEGIC PLAN TRENDS

Strategic Planning in the not-for-profit sector is as diverse as the sector and industries that comprise it. As our report highlights many not-for-profits are becoming more sophisticated in the way they craft and utilise their strategic plans. During our work and associated surveys in the field of strategy, across all sub sectors, we have noted three common and recurring strategies being utilised in various forms when undertaking strategic planning.

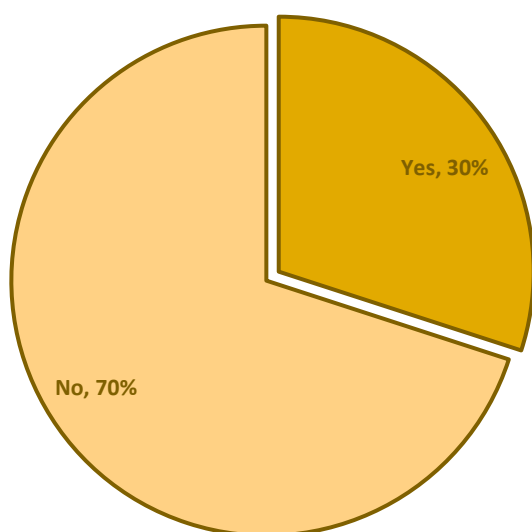
1. Mergers

Over 30% of organisations we have surveyed and worked with have considered mergers in the past year. Only 11% have successfully merged with other organisations like them over the past five years, with 99% stating that their merger has been largely positive. Organisations that have merged with other similar or strategically aligned partners have argued that the benefits far outweigh any negative effects. The reported benefits include increased revenue, decreased complexity in organisational structure, improved funder relations, improved success with grants and decreased operational costs.

Has your organisation considered merging with another organisation in the last five years?



Are you concerned about your employees building excessive Leave and Time Off in Lieu?



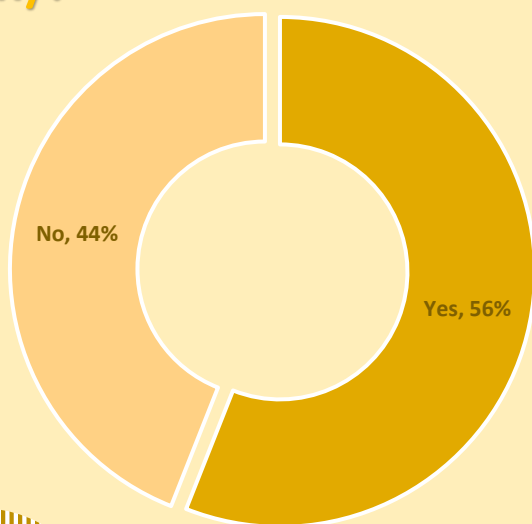
2. Leave and Time Off in Lieu

Approximately 30% of Senior Managers and Board Members are highly concerned about their employees building excessive Leave and Time Off in Lieu banks. This is becoming a serious consideration for organisations. Factors that tend to exacerbate this issue include the conflation of volunteering and paid employment and the lack of overtime opportunities for employees. Unfortunately, if these matters are not addressed strategically and as these entitlements accumulate and grow to unmanageable levels, they quickly become significant concerns for Boards with the very solvency of the operation being called into question.

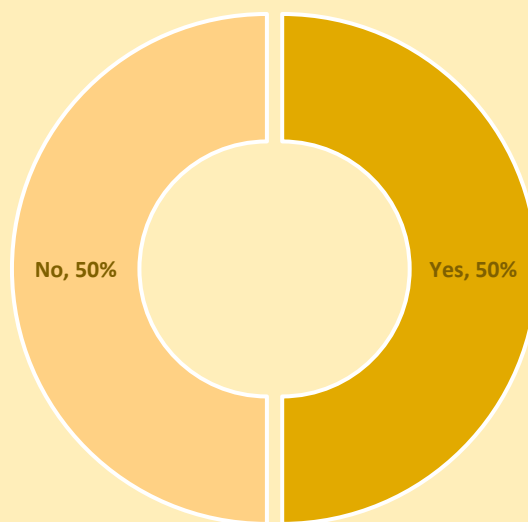
3. Modernising Governance Practices

Many not-for-profit Boards struggle with attendance and remaining engaged with their organisations. This issue is more prevalent when the organisation is member based. Many Boards have adopted modernising strategies to better engage themselves and their constituents using electronic methods of enhancement. Promising, yet inconclusive strategies are being deployed, and generally include the use of electronic board management, minute taking, and voting systems designed to increase engagement and reduce governance oversights.

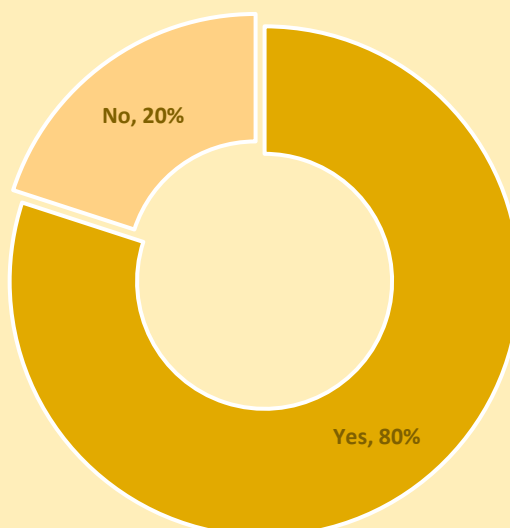
Did electronic voting reduce the number of members who voted by proxy?



Did the introduction of electronic voting increase the percentage of Board members who voted?



Did electronic voting result in a smoother voting process at the AGM?



EMERGING CHALLENGES

Further to the common features established in current strategic plans, NFP Success has observed three reoccurring emerging challenges not-for-profits are facing when crafting their strategic plans.

Flexible Work Practices

During the COVID lockdown years many organisations were forced to quickly initiate work from home policies, scramble to meet client demands and then faced skill shortages due to fast sector growth. Post COVID lockdowns, Senior Leaders and Boards realised that they needed to address these issues in haste. As a potential remedy and future insulator, we have seen multiple forward thinking not-for-profits review their entire flexible/hybrid working frameworks. These organisations understand that to attract and retain an engaged workforce they need to develop innovative strategies that include not just working from home policies and checklists but the entire spectrum of flexible working. This includes part time, casual employees, overtime, annualised salaries, working from alternative locations, job sharing and flexible leave practices. Some have found that increasing the hours of existing employees with the employee's agreement has been an effective counter strategy to the skills shortage.

Award Changes

Across the social, community and aged care sectors numerous award changes are on the horizon. These changes involve dramatic increases to CPI and minimum shift requirements amongst others. In addition, many organisations operating in a direct care context face increased accreditation requirements. These challenges are likely to affect entire operating and costing models and many organisations are not equipped to meet these challenges. Challenges such as these have been at play in the Children's Services sector whereby workers are required to take routine lunch and rest breaks, however, due to the nature of the work many organisations simply find this unworkable, leaving many without their entitlements and thus leaving organisations exposed in the case of industrial dispute.

Business Continuity Planning

Further to COVID many smaller to mid-sized organisations found themselves unprepared for bushfires, technology failures and floods. Many organisations simply could not manage under the pressure of these events and had not adequately planned for such occurrences. Risk and continuity planning is increasingly becoming a key feature of strategic plans.



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