Nonprofits: Strategies for Adapting to the Next Normal

June 10, 2020
Being the First Choice Advisor for Nonprofits

Our commitment to the nonprofit community
Local and national RSM professionals are continually active in the nonprofit community. Whether it is serving as a board member for a local nonprofit organization, volunteering for a firm-arranged community service project or donating to organizations, our professionals understand the importance of nonprofit service.

Value & Experience

15+ years of experience for average consultant

LARGEST Provider of audit, tax and consulting services to the middle market

600+ professionals serving the nonprofit industry

- Membership, professional & trade organizations
- Charitable organizations
- Private schools - K-12
- Religious organizations
- International organizations
- Research & scientific organizations
- Public & private foundations
- Cultural organizations
- Higher education

Commitment

3,500+ nonprofit clients

Thought Leadership

Muse Newsletter
Bi-monthly resource for recent accounting and auditing developments impacting the nonprofit industry.

Nonprofit Webcasts
Monthly webcast presentations on topics of importance to our nonprofit clients.

Nonprofit Summit
Held annually, the Summit attracts nonprofit executives who participate in a half or full day CPE event.
Introductions

Our Presenters

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Jeff Britton  
Jeff.Britton@rsmus.com
Our Agenda

• State of Union for Nonprofits and Evaluating Potential Impacts from COVID-19

• Building a Mission-Aligned Digital Strategy

• Opportunities to Adapt Your Mission, Programs and Delivery
The summer months and beyond brings a series of repetitive smaller waves.

A second, larger wave of infections hits this fall and winter.

The world experiences a ‘slow burn’ of ongoing transmission.
Understanding the Current Market for Nonprofits

Good luck!

Macro-Trends

- Markets reflecting a different reality?
- US jobless claims may already be rebounding
- Household savings are trending up
- Travel remains down as much as 80-90%
- Majority of employers are not racing to get employees back in the office

Industry Trends

- Donations reported to remain steady (or go up), but volunteering expected to decrease
- Large events and conferences are mostly being cancelled – but some still remain through virtual format
- Employees and staff remaining virtual
- Increased focus to major issues such as poverty, healthcare and socio-economic gaps

Remaining Questions

- Will we see another spike of COVID-19 in the fall?
- Timeline for a vaccine?
- US election?
- Long-term impact on how we interact and engage?
- What about schools?
Unprecedented?

While the pandemic was a whole new experience for most of us, this is not the first time we have encountered a major event that has rippled across markets.

9/11 Terrorist Attack
- Airline passenger capacity took 3 years to recover
- Hotels took 4 years to recover
- Travel spending declined by $57 Billion

Great Recession
- 2007-2013 – 43% decline in median wealth
- 2006-2012 – 2.7% increase in annual giving
**Sentiment - Travel**

Based on a recent study from Forbes.com, most of the general public has indicated significant reluctance to travel once the pandemic has ended.
Sentiment – Donations

Donate More: 25%

Donate Less: 9%

Unsure: 12%

Donate at Same Giving Level: 54%
Sentiment – Volunteering

- Increase a lot: 6%
- Increase somewhat: 11%
- Stay the same: 27%
- Decrease somewhat: 21%
- Decrease a lot: 18%
- Stop: 8%
- Unsure: 9%
Exploring the Business Landscape for Nonprofits

Nonprofits are now facing very unique and critical challenges to their business models.

- Major events and annual meetings are being disrupted
- Concern about donations
- Education/clinicals have to be delivered differently
- Higher potential for typical revenue sources to dry up
- Infrastructure/transportation may be shut off or limited
- Lack of funding or knowhow to transform
Early Lessons Learned

While many questions remain to be answered, there are several lessons we can pull from this experience.

Lessons Learned:

• Technology was crucial to keeping things going, and has further emphasized the need for going digital.
• Society has become more reliant on technology, and has resulted in widespread adoption of new ways of life (e.g. GrubHub, telehealth, education, etc.).
• Operational resiliency is more important than ever.
• New business models will only further push the need for secure computing.
• Organizations can no longer afford to wait.
Trying to Define The Next Normal

Will our ways of life return to “normal”? What might change?

Exploring a few potential dynamics for the Next Normal:

- Technology capabilities and usage among general public continues to expand - and is more accepted. Users are bombarded with more and more “stuff” – and become even more selective about where they direct attention.

- Remote/virtual work is becoming more generally accepted and enabled. People spend much less time (and money) on commuting, and more time on work or life.

- People have some level of reluctance to attend mass-gatherings and conferences. Likely to still attend, but will maintain some distance. Large conferences may begin to enforce stricter registration limitations to promote sense of security.

- Over-reaction and response with future outbreaks – or even on the potential of future outbreaks

Possible Implications:

- Greater need for personalized/targeted messaging to your audience on the RIGHT platform

- People become even more regionalized and direct more attention closer to home.

- Your audience may have more time on their hands, and possibly more desire to donate.

- Physical logistics of major events must be revisited top-to-bottom. Hosts/vendors will incorporate seamless virtual experiences.

- Greater opportunities to collect, aggregate and use data to understand your community

- Organizations must remain operationally resilient, and capable of facilitating activities regardless of physical constraints
Think Strategically, not Tactically

You have to act immediately to transition to the next normal, but focus strategically to get to a strong future

• **Tactical**
  - Remote workforce
  - Virtual conference
  - Personal Protective Gear
  - Reduce workforce

• **Strategic**
  - How can we evolve our education program?
  - Can outsourcing provide the same capability of an FTE?
  - How is current Member/Constituent Engagement?
  - Do you need to provide a different service/function?
Building a Mission-Aligned Digital Strategy

Jeff Britton
Digital Strategy is More Than Just New Technology

A Digital Strategy should clearly articulate how technology can better enable every component of your organization and its mission.

With your Mission and goals as the core foundation, a well-defined Digital Strategy will help articulate how you can bring together people, process, technology and data to:

- Streamline operations
- Enhance programs, products and services
- Target communications and outreach
- Standardize across platforms
- Deliver a better constituent experience
Digital Priorities for Nonprofits

Common Digital Agendas for Nonprofits

- Delivering more personalized experiences
- Omni-channel type experiences and coordinated social presence
- Targeted marketing
- Integrated, multi-channel fundraising & engagement
- Back-office automation
- Enhanced education programs
Common Digital Challenges for Nonprofits

Key Challenges Being Faced by Nonprofits

- Segmented data and limited reporting
- Operational silos
- Limitations in existing technology
- Staff capacity
- Unclear or undefined goals/strategy
- Gap in digital leadership
- Us vs. them mentality (business and IT)
Experts Predict that by 2025

• AI could power 95% of all customer interactions

• Fully-automated vehicles could account for 10% or more of all vehicles on the road

• 41.6 billion devices will be connected, serving-up ~100 zettabytes of data (1 zettabyte = 1 billion terabytes – or 1 trillion gigabytes)

• 97% of large organizations will be using AI in their services and/or operation

But the real question will remain, will your organization be ready for this disruption?
Establishing a Strong Digital Foundation

A strong, sound digital foundation can significantly help you pursue future initiatives – as well as prepare you for quickly adapting to disruptions.

**Keys to a strong digital foundation:**

1. Consolidation of key systems and operations for the organization
2. Leverage viable and capable solutions, preferably with systems that can easily be supported
3. Maintaining control and consistency in your data
4. Implement and use standardized processes as much as possible
5. Integrate systems to replace manual efforts
6. Maintain control and documentation
Adapting Your Mission, Programs and Delivery

Michelle Wroblewski
Adapting to Your Mission

- Constituents
- Content
- Communication
- Thought Leadership
- Advocacy
- LMS
- Certification
- License
- Accreditations
- Meetings
- Sponsorship
- Education
- Events
- Leadership
- Community
- Constituents
- Content
- Communication
## Communication by generation

<table>
<thead>
<tr>
<th>Generation</th>
<th>Years born</th>
<th>Percent in workforce</th>
<th>Attitude toward technology</th>
<th>Environment of the generation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditionalists</td>
<td>1925-1945</td>
<td>3%</td>
<td>Disengaged</td>
<td>World War II National Families</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>1946-1964</td>
<td>33%</td>
<td>Early Information Technology Adapters</td>
<td>Cold War Moon Landing Family-Oriented</td>
</tr>
<tr>
<td>Generation X</td>
<td>1965-1980</td>
<td>35%</td>
<td>Digital Immigrants</td>
<td>Berlin Wall Intro of PC</td>
</tr>
<tr>
<td>Millennials</td>
<td>1981-2000</td>
<td>29%</td>
<td>Digital Natives</td>
<td>9/11 Social Media</td>
</tr>
<tr>
<td>Generation Z</td>
<td>2000- Entering workforce</td>
<td></td>
<td>Technohologics</td>
<td>Economic downturn Global focus Mobile devices</td>
</tr>
</tbody>
</table>
# Communication by generation

<table>
<thead>
<tr>
<th>Generation</th>
<th>Years born</th>
<th>Primary Communication</th>
<th>Digital Channel</th>
<th>Purchasing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditionalists</td>
<td>1925-1945</td>
<td>Face to Face Phone</td>
<td></td>
<td>In store</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>1946-1964</td>
<td>Phone Face to Face Text</td>
<td>Facebook</td>
<td>In store Online (30%) Mobile (20%)</td>
</tr>
<tr>
<td>Generation X</td>
<td>1965-1980</td>
<td>Email Text</td>
<td>Facebook YouTube</td>
<td>In store Online</td>
</tr>
<tr>
<td>Millennials</td>
<td>1981-2000</td>
<td>Text/Chat Email</td>
<td>Facebook</td>
<td>Online</td>
</tr>
<tr>
<td>Generation Z</td>
<td>2000-</td>
<td>Text/Chat</td>
<td>Instagram YouTube Facebook</td>
<td>Social Media (80%)</td>
</tr>
</tbody>
</table>
Education Digital Strategy

- Certification
- License
- Accreditation

Bite Size Program

Micro Certifications
Events Digital Strategy

Virtual
Holistic
In-Person
Sponsorship

Hybrid
Leadership Digital Strategy

Thought Leadership

Advocacy

Perspective

Single Voice

Where does your organization stand
Community Digital Strategy

- Digital Home
- Engagement
- Member Value
- Digestible
- Multi-Media
- Appraisal
- Tell Stories
- Mentorship
- Accessible Information
- Survey
- Authenticity
- Empathy
Closing Remarks and Thoughts

• The COVID-19 pandemic has introduced several potential shifts in the NFP ecosystem - ranging from changes in constituent behaviors to workplace dynamics.

• Significant number of variables and questions still at play, making any prediction of the Next Normal a guess at best.

• Digital maturity and enablement has become a clear, dividing line between those who could weather the storm (or maybe even prosper) and those who could not.

• Given all the uncertainty that remains – and upcoming disrupting factors, organizations can no longer wait to embark on Digital Transformation.

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Thank You!