



Spectrum Nonprofit Services Pulse of the Sector

September 22, 2023

Introduction

Earlier this year, Spectrum Nonprofit Services set out to capture the pulse of our nonprofit clients through a brief questionnaire. This summary of results provides high-level insights into the successes, challenges, and focus areas of the responding organizations.

We are thankful for everyone who participated in this survey.

Table of Contents

Key Takeaways	3
Demographics	4
Top Goals	7
Top Challenges	8
Organizational Changes	9
Revenue & Expenses	11
Program Demand	14
Strategy	15
About Spectrum	18

Key Takeaways

What does the data tell us and what is our take?

Many nonprofits are looking to grow

- While nonprofits face challenges, many in our survey reported a desire to grow. Serving more people (49%) was a top goal while almost half (49%) plan on adding a new program within the coming year.
- Only 12% of respondents are trying to reduce costs, even though 41% of respondents reported increasing costs as a major challenge (third biggest challenge). Of course, with payroll typically being the largest expense, the effort to retain and attract talent through competitive salaries and benefits could be a barrier to cost reduction.
- Growth is necessitated by increased demand for services as 72% of organizations reported an increase demand for services

Financing growth is a major challenge, but there are some positive signs

- Not surprisingly, fundraising is the top challenge (65% of organizations noted this as a top three challenge) listed among respondents. However, 37% of respondents won a major new funding source compared to 20% that lost one. With rising costs due to inflation and the need to attract and retain staff, a questions remains over whether this additional funding is enough to cover rising costs
- 63% of respondents saw an increase in revenues, but that increase may be offset by the 78% of respondents who saw increases in their expenses. Further, 29% said expenses grew significantly vs. 12% who had significant revenue growth
- With rising inflation and increases in compensation, it is worrisome that expenses continue to outpace revenues

Driving impact is a top priority, but many organizations struggle to measure it

- Increasing programmatic impact is the most cited goal (65% said it was a top three goal). At the same time, nearly half (49%) of respondents reported that measuring impact is a top three challenge.
 - This could be attributed to historical limited funding for these initiatives. Funders may wish to consider investing in the impact measurement capacities of their grantees to mitigate these challenges.

Strategic plans continue to underwhelm, with only 3 in 10 organizations satisfied with their current strategic plan

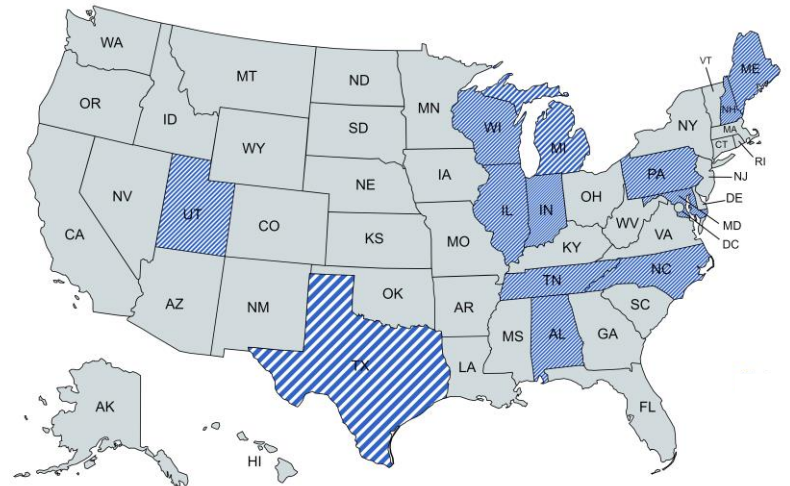
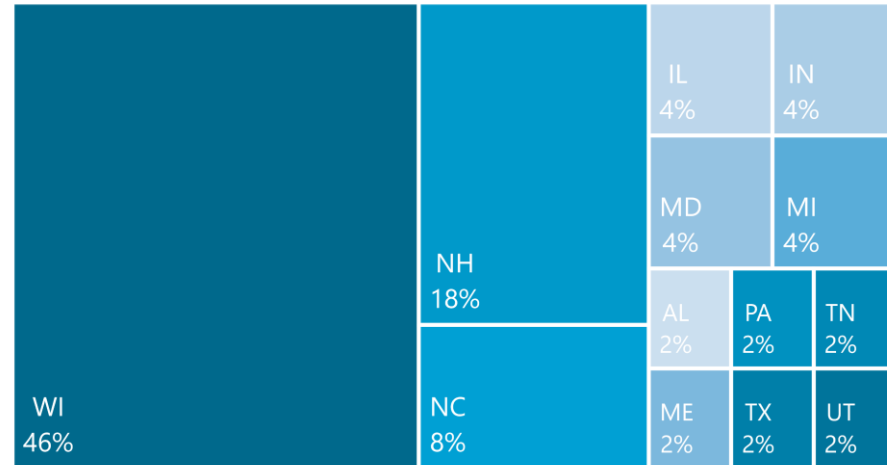
- 26% are neutral, somewhat dissatisfied, or dissatisfied with their strategic plan whereas another 28% are somewhat satisfied
- Another 16% of respondents reported “other,” which is attributed to either organizations that have just begun a new strategic plan or those that do not have one

13

States represented

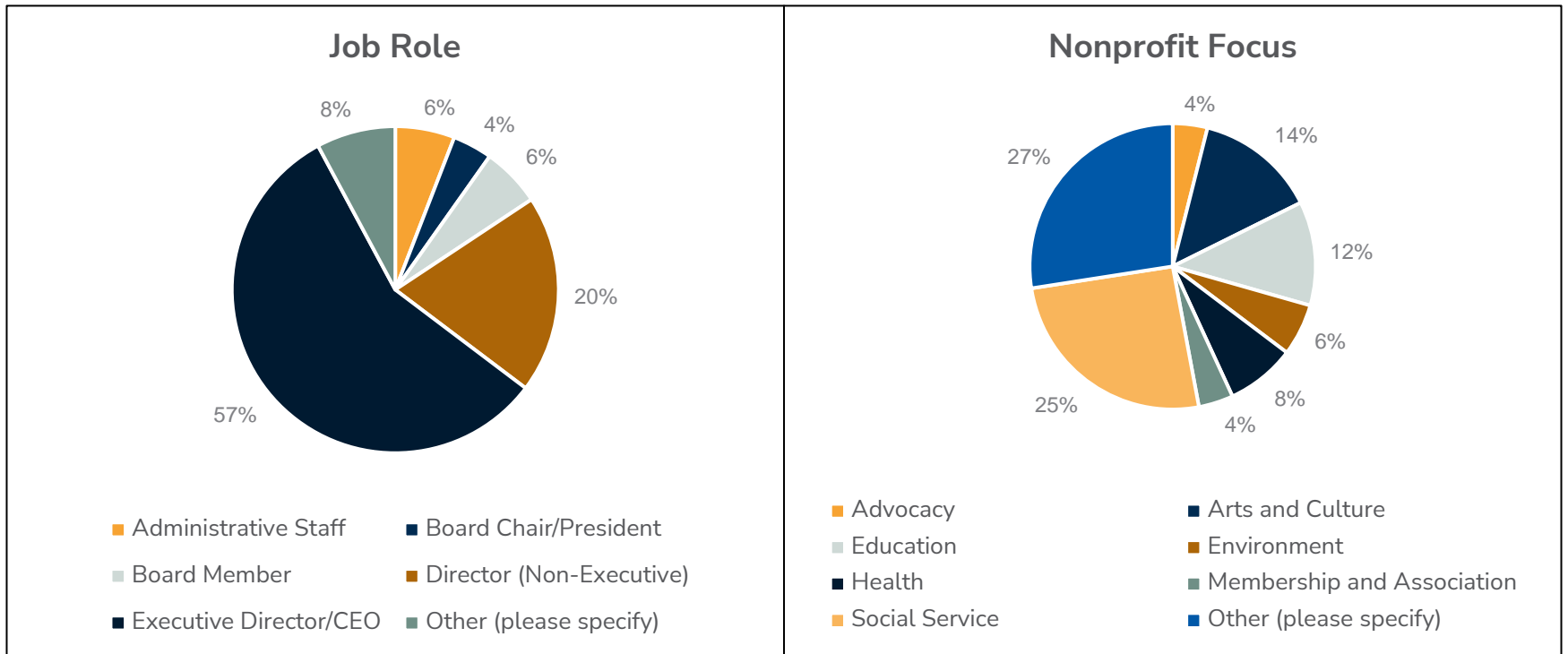
Demographics

Where are respondents from?



Demographics

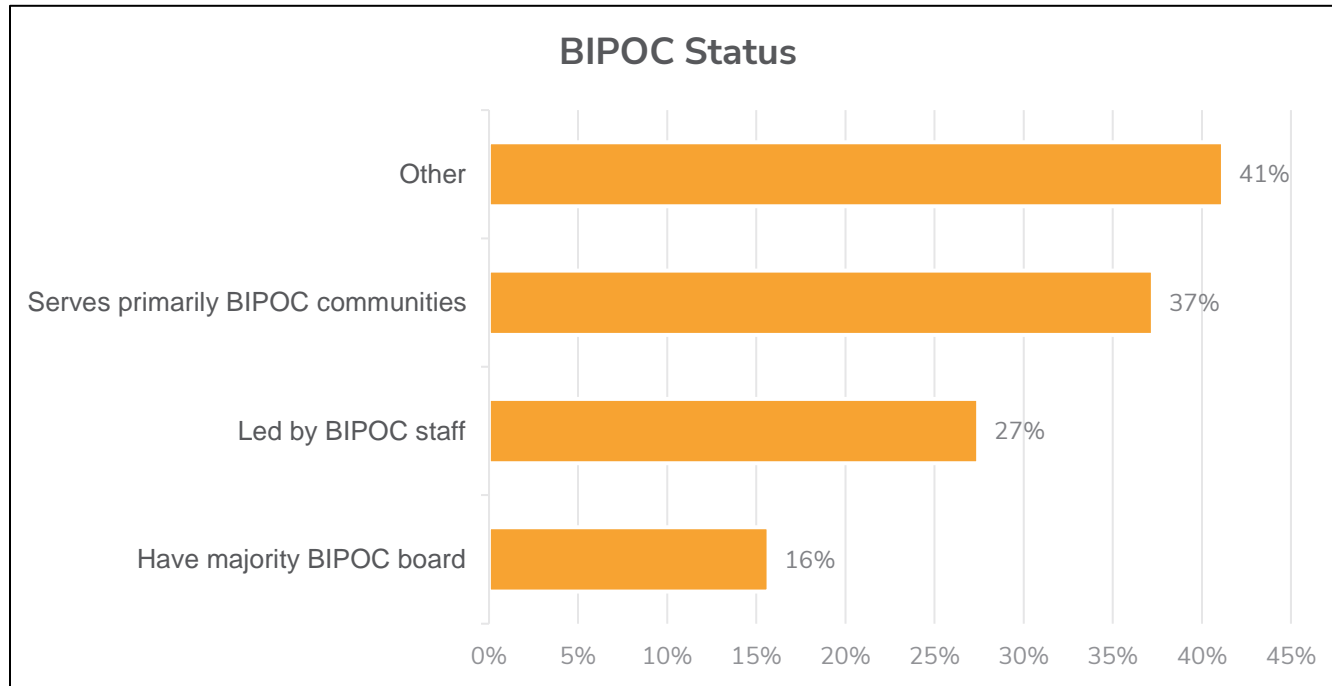
Respondent job roles and organizational focus



“Other” nonprofit focus areas included, but were not limited, to international development, economic development, juvenile justice, and refugee resettlement.

Demographics

Respondent BIPOC status



“Other” responses included organizations that are trying to diversify their board and staff and organizations that currently have low BIPOC representation within their organization or in the communities they serve.

Nonprofit Goals

What are your nonprofit's top three goals for 2023?



The majority of “other” responses largely included increasing financial sustainability and building organizational revenue by way of endowments, fundraising, etc. Additional responses included organizational restructuring, improving representation, and enhancing impact measurements.

Nonprofit Challenges

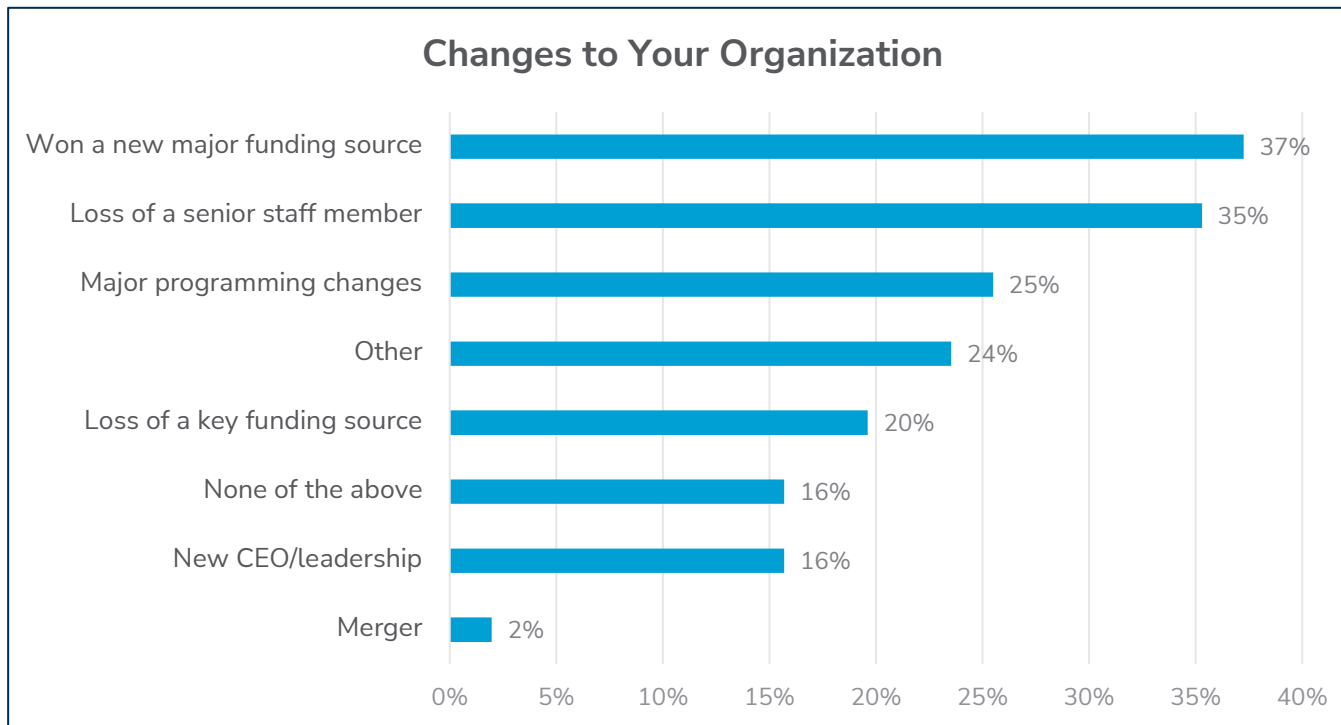
What are the top three challenges your nonprofit is facing this year?



“Other” challenges include increased demand for services, limited board and staff capacity, lack of community awareness, and managing growth.

Nonprofit Changes

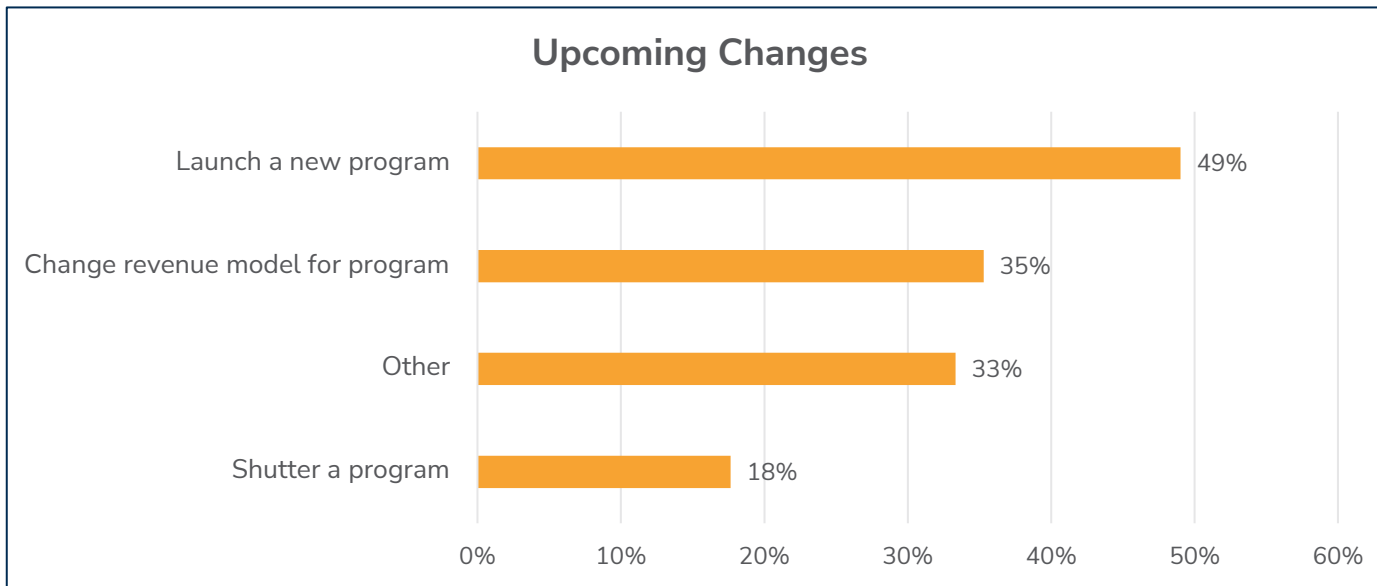
Have any of the following happened to your nonprofit over the past year?



“Other” organizational changes include board transitions, changes in organizational structure, and various leadership (staff and board) transitions and additions.

Nonprofit Changes

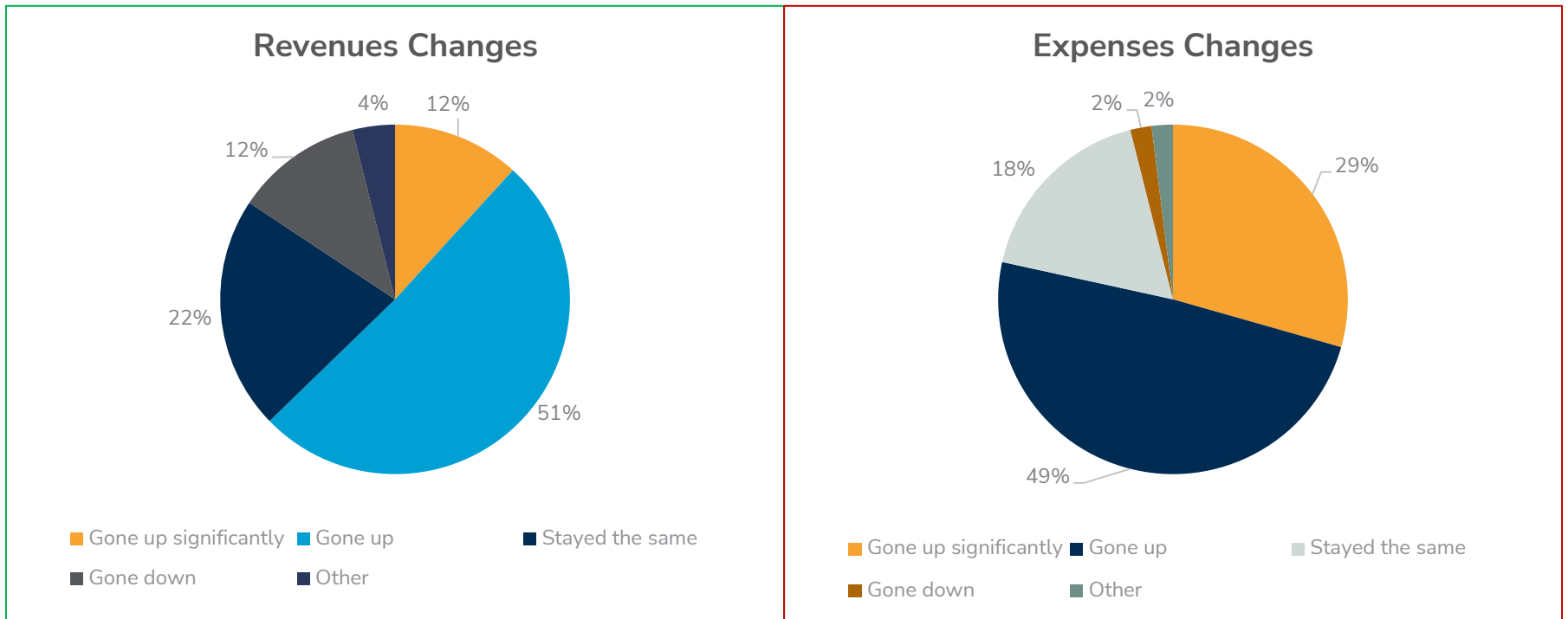
Which of the following changes do you plan to make this year?



“Other” planned changes for 2023 include investment in infrastructure (capacity building, new CRM software, etc.), improving programs, and staff reorganization.

Revenue & Expenses

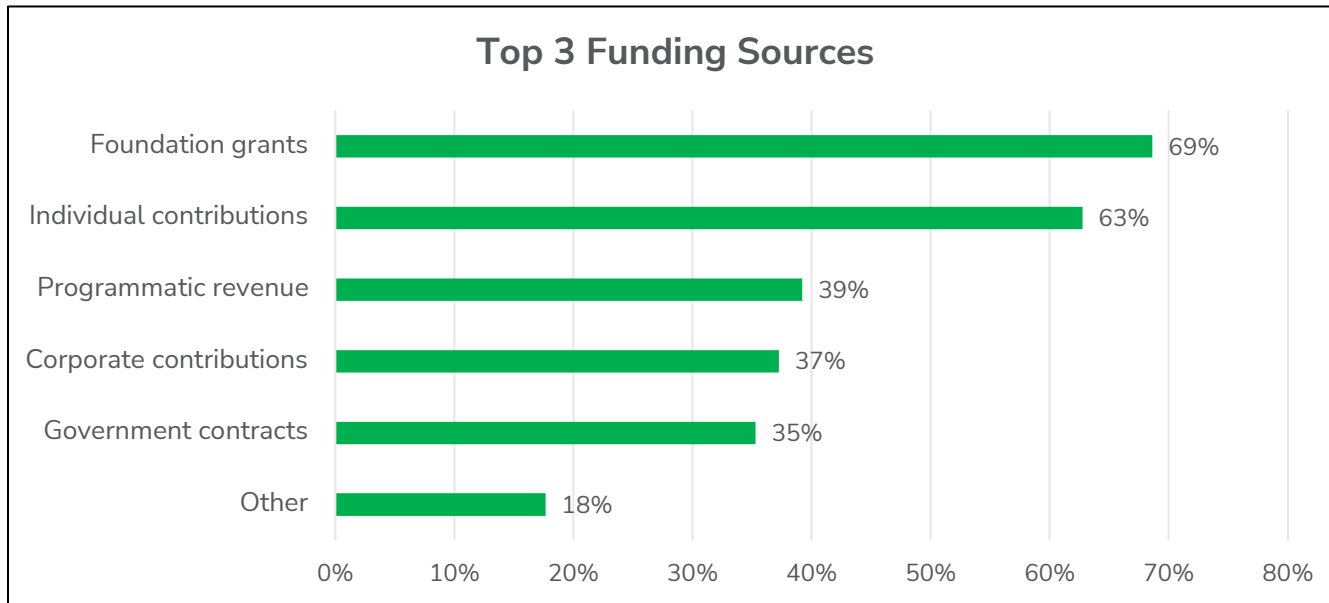
Changes in revenue and expenses



None of the 51 respondents reported a substantial decrease in revenue or expenses. The 78% of respondents that experienced some form of increase in expenses are aligned with the 41% of respondents that reported increasing costs as a top three challenge.

Revenue & Expenses

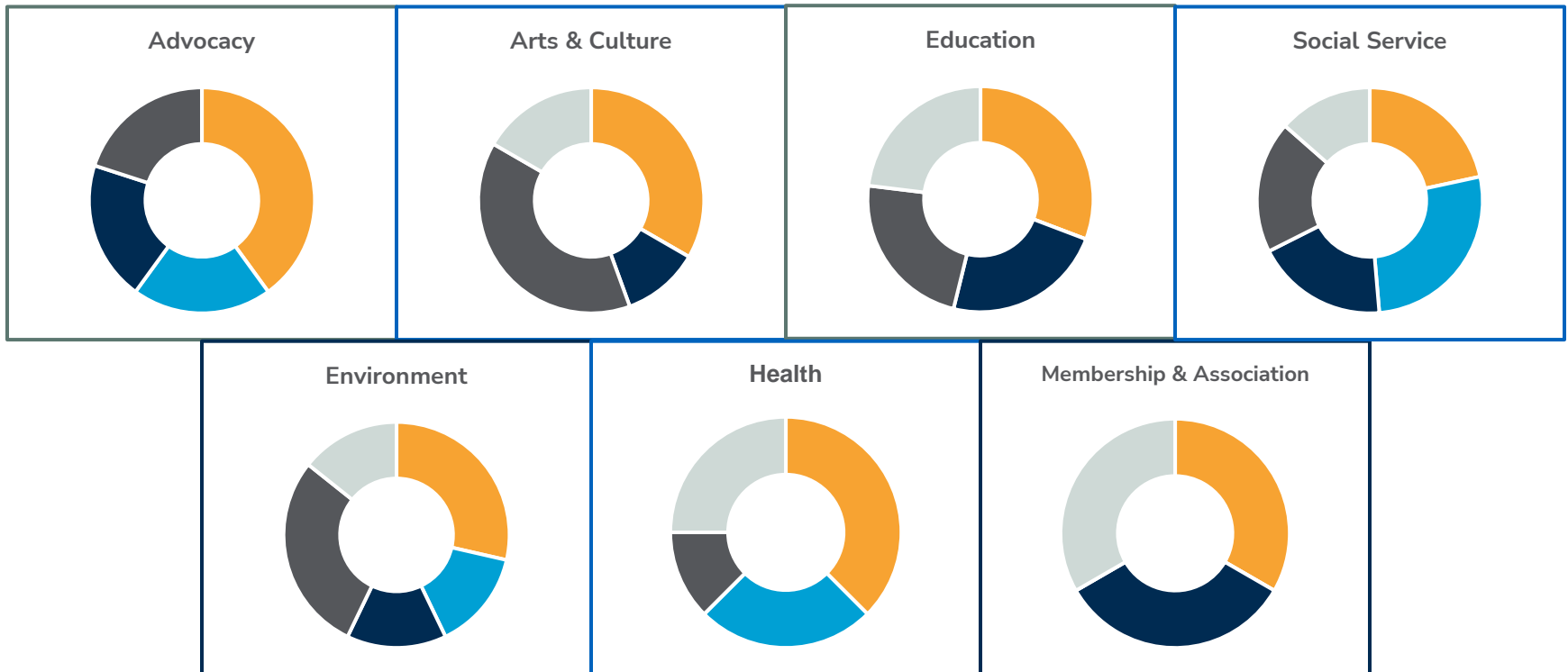
What are your organization's top three sources of revenue?



Other top funding sources included bequests, events, membership dues, and sponsorships.

Revenue & Expenses

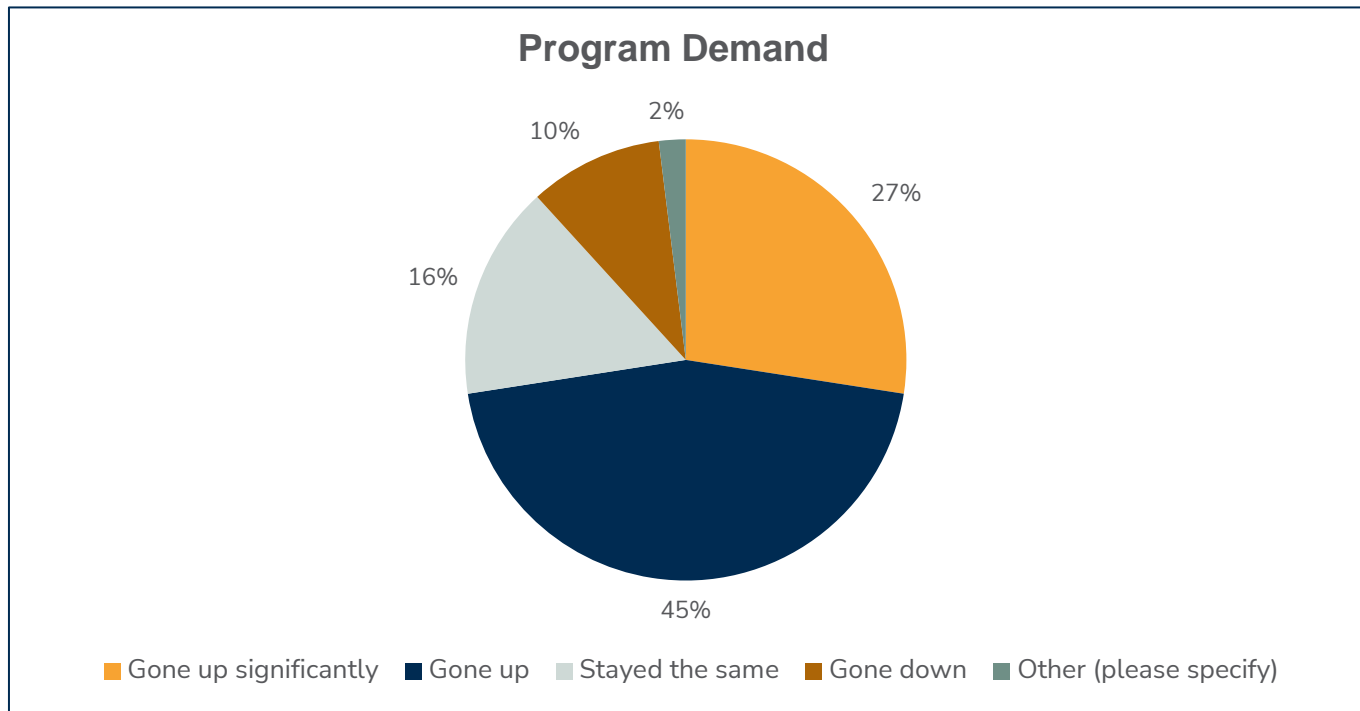
Sources of revenue by organization focus area



■ Foundation grants ■ Govt contracts ■ Corporate contributions ■ Individual contributions ■ Programmatic revenue & fee-for-service

Program Demand

How has demand for your programs changed?



7.78

Average respondent score,
with 1 representing
“strongly disagree” and 10
“strongly agree”.

Understanding the Mission

Our team understands our mission and is equipped to carry it out.

6.84

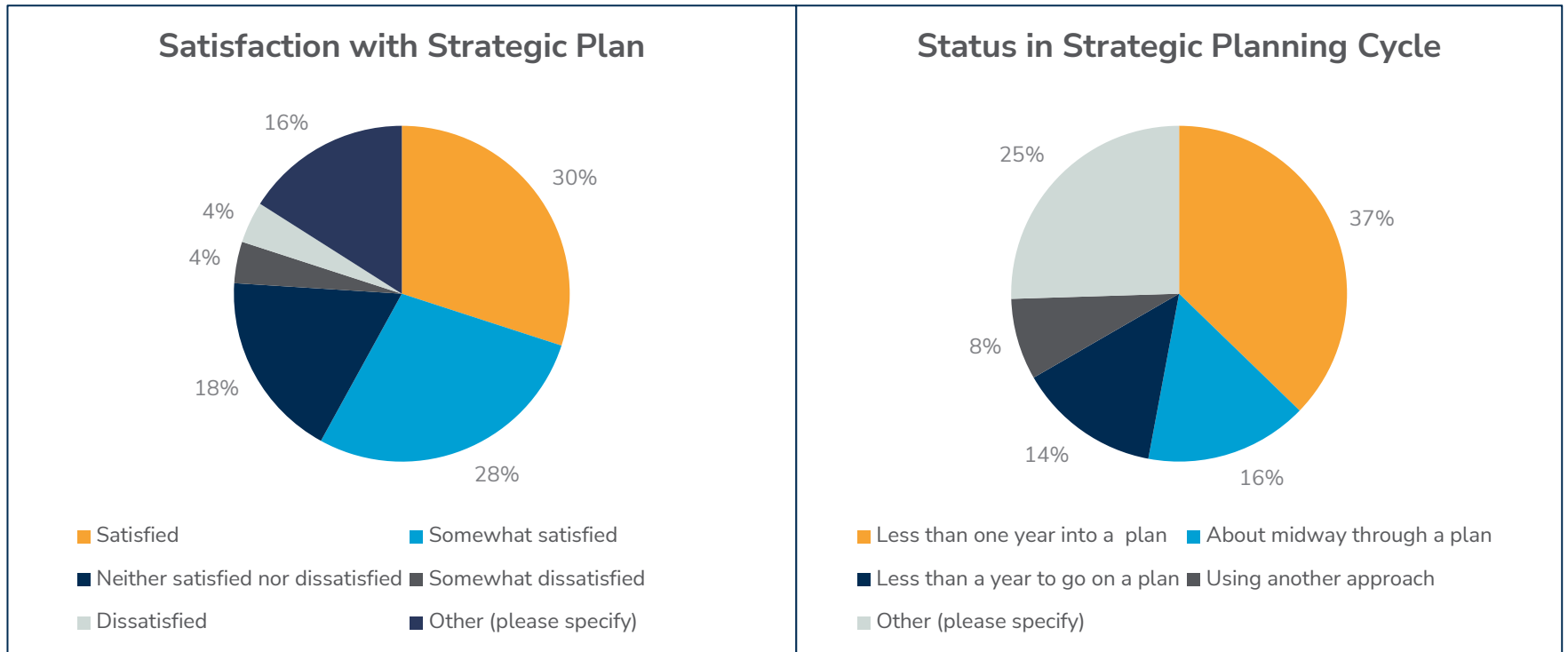
Average respondent score, with 1 representing “not at all” and 10 “a lot of involvement”.

Strategic Planning

How involved are your staff and board in implementing your strategic plan?

Strategic Plan

Satisfaction with strategic plan and status in the planning cycle



The majority of “other” responses concerning status were from organizations that just started a new strategic plan or those that do not have a strategic plan. “Other” responses for satisfaction with the strategic plan were similar, with the majority of individuals noting that they did not have a strategic plan that they could comment on.

Thank You

We extend our gratitude to everyone that submitted a response. Your answers not only further our mission to serve the nonprofit sector but contribute to a valuable wealth of information that benefits your fellow organizations.

Contact Us

Spectrum Nonprofit Services
1122 N Astor St
Milwaukee, WI 53202

aporte@spectrumnonprofit.com

spectrumnonprofit.com



About Spectrum

Since 2007, nonprofit leaders have partnered with Spectrum Nonprofit Services to align their finances, mission, and leadership, empowering dynamic decision-making for maximum community impact.

Our adaptive strategies for resilient nonprofits give you a playbook for navigating what's next. Unlike traditional static plans, the strategy that we create together lets you shift priorities and continue focusing on what matters most: serving your community.

Our Pillars



Educate

Spectrum learns about your organization's goals and priorities, then demonstrates how our organizational model and tools can support your nonprofit.



Evolve

Spectrum collaborates with you to strategize changes that will grow your organization's impact, financial viability, and leadership.



Balance

Spectrum provides flexible strategies to begin implementing changes today that will positively impact your organization's future.



Empower

Spectrum engages everyone in your organization through our process, to build the knowledge, skills, and tools to adapt and own your strategy for many years to come.