

ELEMENTS OF A HEALTHY NONPROFIT

While an entire book could be written on the factors integral to a healthy, well-functioning nonprofit (in fact, many have), we present here a brief overview of the 8 key elements. Nonprofits are a diverse, complex mix of people, ideas, and resources. Nonetheless, in order to advance their missions, they *must* have the following:

1. ***A Healthy Governance Function*** – The organization must have a board of directors that works collaboratively with the executive director, defines the mission, and then develops strategies and policies that advance it. It also should provide an independent check on management’s actions, and a connection to the constituency served.
2. ***A Competent Executive Director*** – The staff leader of a nonprofit must be a leader as well as a Jack-of-all-Trades. S/he must work collaboratively with the board and staff; provide a bridge to the community, funders and clients; chart a future course; raise funds; operate a business; and model a high ethical standard.
3. ***A Sound Financial Management System*** – Nonprofits need a system that controls expenditures and offers accurate, timely reporting to management on income and expenses. Management also needs data to assure accountability and support decision-making, including an annual budget. There should be regular external review, both by the finance committee and, periodically, by independent auditors.
4. ***Workable, Legal Human Resources Policies and Practices*** – Health and human service nonprofits typically spend upwards of 80% of their revenues on people: salaries and benefits, as well as training and supervision. They must manage their human resources wisely, complying with complex government laws and regulations, compensating people fairly within limited resources, and motivating them to perform their best.
5. ***A Successful Fund Development Strategy*** – One way or another, a nonprofit must obtain funds, from a combination of grants, contracts, fees, individual gifts, and/or earned income. A nonprofit that cannot attract resources and achieve financial sustainability is in big trouble.
6. ***A Clear, Consistent Message*** – A nonprofit must communicate what it is about to anyone who can either help it or be helped by it. This includes both internal and external stakeholders. Going well beyond a newsletter, the nonprofit’s marketing and communications efforts should make use of all available media and take advantage of opportunities that arise to tell its story. The ability to raise funds is directly tied to the ability to communicate success.
7. ***A Good Program that Advances the Mission*** – This is the heart of the nonprofit. Whatever the services provided, they must be well thought out, provided in a consistently high quality fashion, and effective in helping the intended beneficiaries. The mission is advanced by services, so no nonprofit can consider itself successful if it does not provide excellent, effective, and efficient services.
8. ***A System for Measuring Outcomes*** – A nonprofit must first know what it hopes to accomplish, and then devise a simple, straightforward way to measure its progress in getting there. These measures should be programmatic, outcome-oriented, and organizational.