Georgia Center for Nonprofits
Ignite Possible.

2014 Strategic Benchmarking Report

A Study of Nonprofit Performance in the 23-County Metro Atlanta Area

This report is the product of a partnership between The Community Foundation for Greater Atlanta and the Georgia Center for Nonprofits. We want to thank and acknowledge all of the nonprofit organizations who participated in the survey.

The Community Foundation
FOR GREATER ATLANTA

Executive Summary

In partnership with the Community Foundation for Greater Atlanta, the Georgia Center for Nonprofits has completed an update to its 2011 *Study of Nonprofit Performance in the 23-County Metro Atlanta Area*. Sampling 232 nonprofit organizations of varying size and scope in the metro area, several benchmarks and best practices regarding the strategic planning process and public policy participation have been identified.

Key Findings:

Strategic Planning

> Organizations with budgets of $1 million or greater are more likely (82%) to have a strategic plan than smaller organizations (76%), likely attributable to greater staff and/or resource capacity.
> High-level plan components such as mission, goals, objectives, and timelines are much more prevalent (96%, 99%, 96%, 89%, respectively) than the elements that determine feasibility and enable the plan's implementation—methodology (65%), staffing plans (71%), budgets (43%), and evaluation metrics (66%).
> Since 2011, strategic plans have become more comprehensive; prevalence of individual plan components has risen by 5% on average.
> Strategic plan prevalence and recently experienced growth—measured by budget, staff, scope, and impact—were strongly and positively correlated. Further, growing organizations were also more likely to include specific plan elements, especially financial and evaluative components.
> Incorporating third-party data (census data, research, etc.) and consumer perspectives in the strategic planning process is linked to improved programmatic impact, likely due to more holistic market awareness.

Public Policy

> While a large majority (88%) of Metro Atlanta nonprofit leaders agrees that public policy and advocacy is an important means of serving their respective consumers, merely 33% of the same organizations practice this kind of work—down from 45% in 2011.
> Further, 59% of those who do engage do so on an *ad hoc* basis, as opposed to a structured, planned program.
> Funding threats are the primary motivator for groups already engaging in policy work; second is protecting the wellbeing of their clientele. Organizations not currently involved in policy matters identified potential catalysts: a direct threat to their agency, acquiring the staff or resource capacity, altering the mission statement.
> Though larger organizations are more likely to be involved in policy issues, nonprofits of all sizes are engaged. This indicates that scale may only be a perceived barrier, or that policy is less commonly included in the scope of smaller nonprofits.
> There is a positive correlation between public policy practice and an experienced growth of impact; there is no apparent effect on budget growth, however.

Background

There is an ongoing need to understand how organizations within the nonprofit sector are utilizing strategic planning as a tool to help guide their efforts over time. This report is a follow-up to 2011's *A Study of Nonprofit Performance in the 23 County Metro Atlanta Area*, an analysis of strategic planning methodologies and public policy practices.[1] Again, in partnership with The Community Foundation for Greater Atlanta (the Foundation), the Georgia Center for Nonprofits presents a benchmarking of Metro Atlanta nonprofits. The survey, administered in July and August 2014, asked a comprehensive series of questions regarding strategic planning, data usage, operations, and policy practices (see Appendix A). The goals are to (1) benchmark the state of Metro nonprofits in relation to the above topics, and (2) to find correlations and patterns in order to identify best practices.

Core inquiries:

> Do nonprofits have appropriate levels of strategy development in place?
> What are the common components and practices used in creating strategy, and are there areas that, if strengthened, could improve outcomes?
> Do nonprofits that have well formulated strategy also have better results?
> What level of public policy involvement do nonprofits conduct?
> What policy actions are they taking and planning to take in response to their current and possible future situation?
> Do nonprofits that have deeper policy engagement also have better results?

Questions also asked respondents about:

> Key organizational characteristics (sector, geography, budget)
> The state of the nonprofits' finances and several measures of growth
> Various questions about operational practices and norms

---

[1] http://www.gcn.org/2011-strategic-benchmarking

Methodology

To collect the requisite data, a survey tool was developed. The survey was built and distributed using SurveyMonkey. Respondents were able to complete the survey anonymously, though respondents providing identifiable information (e.g. organization name, email address) can be cross-referenced to 2011 data, when applicable, helping ensure reliability of identified trends. Additionally, respondents were incentivized with the opportunity to win a roundtrip airline ticket. Data was exported to Microsoft Excel and aggregated by a number of crosstab and filtering mechanisms.

Target Population and Method of Outreach

The sample consists of nonprofit leaders throughout the Foundation's 23 target counties.[2] Responses from outside of this area were excluded from the findings. Sampling happened through a variety of web-based platforms:

> An email campaign (fours emails from GCN, one from the Foundation) to the Foundation's past and current grantees and GCN's member organizations;
> GCN's monthly newsletter;
> A LinkedIn post; and
> Targeted emails to counties with low response rates

A sampling quota was imposed to ensure responses were received from all 23 counties. The results of this survey reflect the responses of a convenience sample—networks and outreach vehicles available to GCN—thus, it is not random by scientific standards. As a result, the conclusions drawn from this survey may not be generalizable to the nonprofit sector as a whole.

Time Frame

The 2014 survey opened on July 24th and closed August 15th. The close date was then extended while collecting data from counties with low response rates.

Survey Questions

The survey asked a comprehensive series of questions, including demographic information on organization sector, budget size, and status. (See full survey results for wording used for each question).

Question Types:

> Dichotomous scales (e.g. yes/no)
> Likert scales (e.g. strongly disagree/disagree/agree/strongly agree)
> Multiple choice
> Open-ended

---

[2] Barrow, Bartow, Butts, Carroll, Cherokee, Clayton, Cobb, Coweta, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Hall, Henry, Morgan, Newton, Paulding, Pickens, Rockdale, Spalding, and Walton

Limitations

Three main factors may limit this study's generalizability: survey fatigue, survey timing, and longitudinality.

The length of the administered survey was 62 questions, an abbreviated version of the 84-question 2011 instrument. (The 2011 questionnaire was longer due to its incorporation into a larger market research project.) Despite eliminating 22 questions, the survey can be further refined in future reports. While 65 questions may not necessarily be excessive, the survey is increasingly complex as it shifts focus from prevalence ("yes" or "no") to process ("to what degree…"). There is a marked drop-off of respondents between the strategic planning and public policy sections, and again after the policy section before organizational operations questions are asked. While the operations question are potentially correlated to policy and planning outcomes, the perceived relationship may not be direct enough for participants to complete the section, especially after the primary research focuses have been addressed. A drop-off at the beginning of the policy section may be caused by response bias; those who do not do policy work may not want to answer those questions. Thus, policy work may be over-reported.

An additional form of survey fatigue is more contextual to this study. Large-scale, comprehensive surveys are common in the nonprofit sector, likely leading to survey exhaustion, despite incentives. Thus, the response rate may be influenced if the target audience has received additional surveys within a certain time period.

Differences between 2011 and 2014 public policy practice findings may, to some degree, be attributable to timing. The 2011 study responses were collected in the same months (January, February, March, and June) as the first presidential primary debates. Organizations are likely more engaged during a presidential election than in a mid-term election year. This effect, if it exists, will become clearer over time, as additional data points are added.

Similarly, the trends identified in this study occur over a three-year time period and analyze two points in time. Over time, this longitudinal study will provide more accurate findings and will become more representative of regional sector trends, as temporal confounding factors are diminished.

Results

The survey was sent to approximately 6,300 contacts representing approximately 2,100 nonprofit organizations. A total of 232 were analyzed, representing an 11% organizational response rate—after removing non 23-county responses and duplicate organizational responses (for duplicates, the respondent with the higher position was retained).

Among 501(c)(3) agencies that filed a 990 tax return in 2013, 4993 are actively operating (have recorded expenses in the year) within the 23-county area.[3] Having received 232 responses, this study represents 4.6% of actively operating 501(c)(3)'s in the 23-county metro counties. That equates to a 95% confidence interval with a margin of error of ±6.28%.

Survey data is available in full aggregated form and on the basis of any slice of sector, geography, or characteristic available via the survey questions. Available results in each category vary based on the number of respondents.

Respondents by Role

Two-thirds (65%) of respondents reported that they held the CEO or Executive Director role in the organization. An additional 34% hold leadership positions with a particular focus—programs, operations, development, etc.—and 1% are board members. All respondents indicated that they have the appropriate depth of knowledge to complete the survey accurately. Typically, senior executives have, or can easily obtain, more specific information about the full array of organizational capacity topics which create more reliable data.
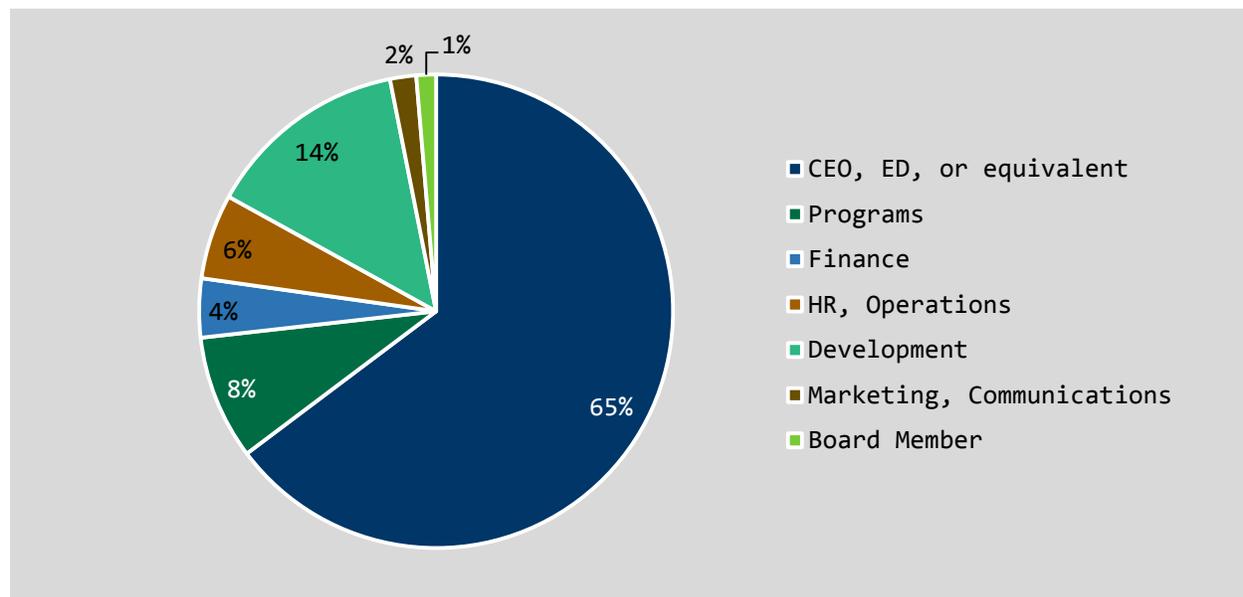

---

[3] Data retrieved via the IRS's Exempt Organizations Business Master File Extract: http://www.irs.gov/Charities-&-Non-Profits/Exempt-Organizations-Business-Master-File-Extract-EO-BMF
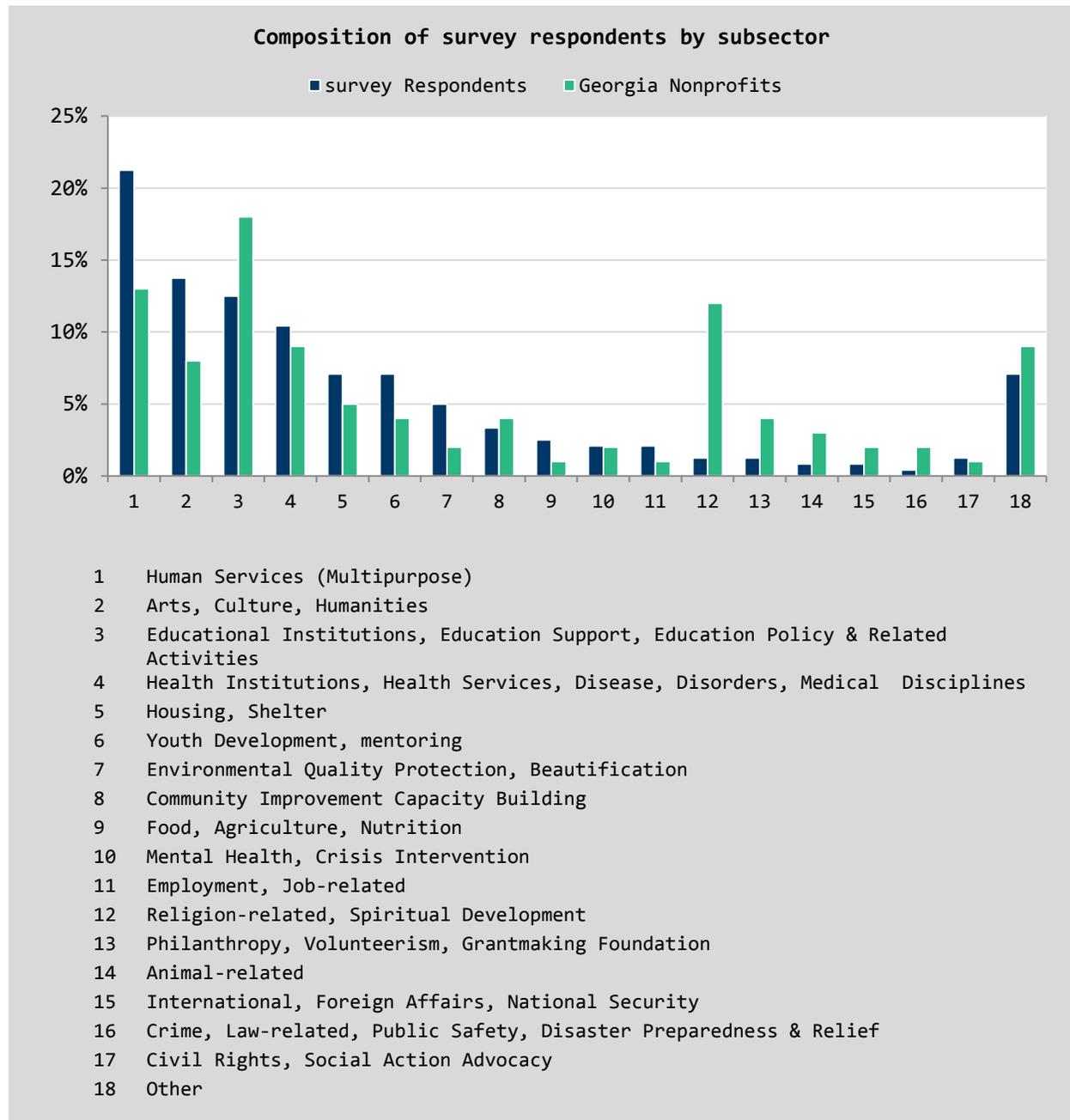
County Profile

The study covered the 23-county Metro Atlanta area consisting of: Barrow, Bartow, Butts, Carroll, Cherokee, Clayton, Cobb, Coweta, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Hall, Henry, Morgan, Newton, Paulding, Pickens, Rockdale, Spalding, and Walton. Cobb, DeKalb, Fulton, and Gwinnett represent the four core counties in the Atlanta area.

Of the 232 qualified responses, 182 were within the four-county "core" (121 respondents from Fulton, 25 from DeKalb, 19 from Gwinnett, 17 from Cobb) and 50 were from the other 19 counties.
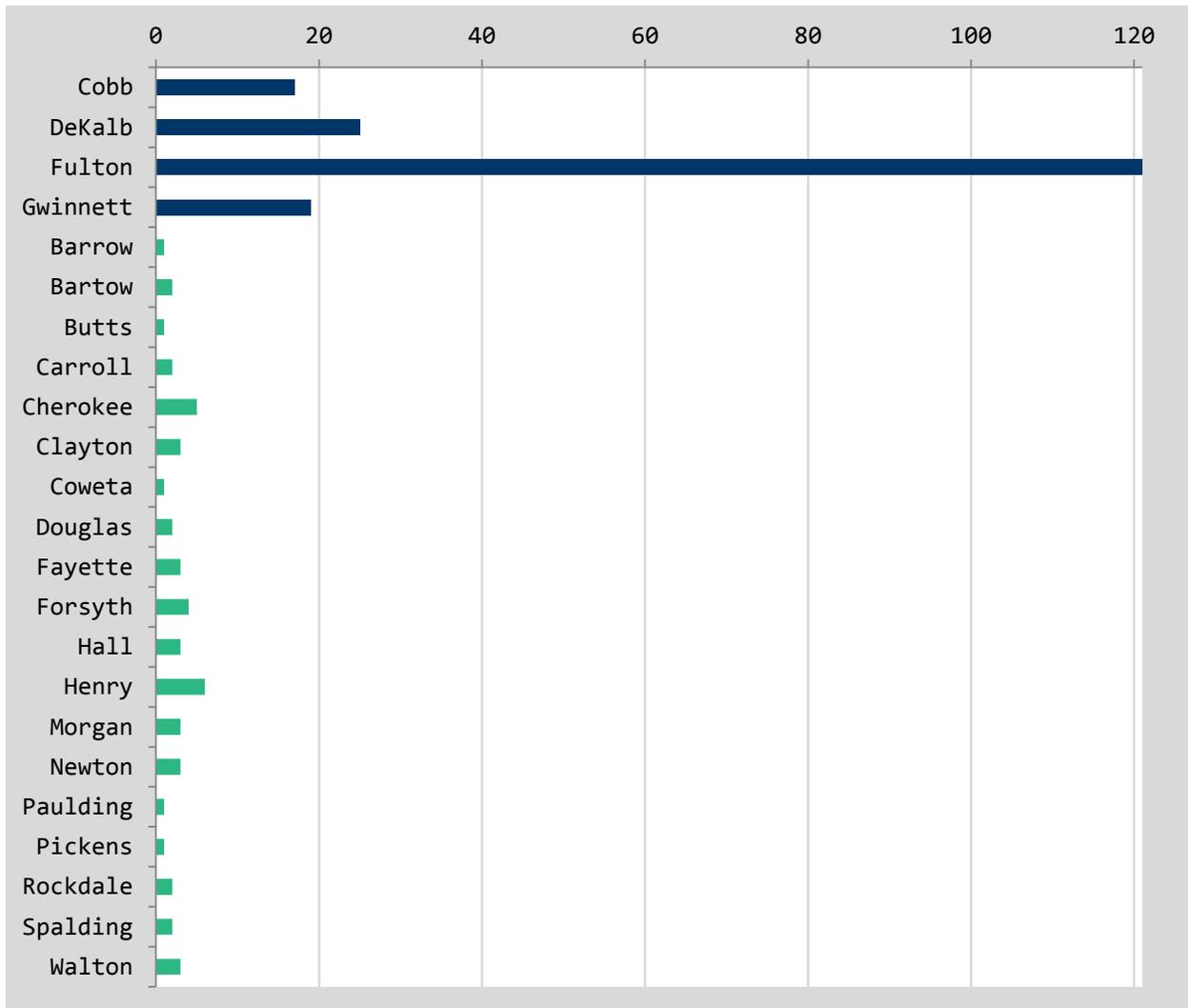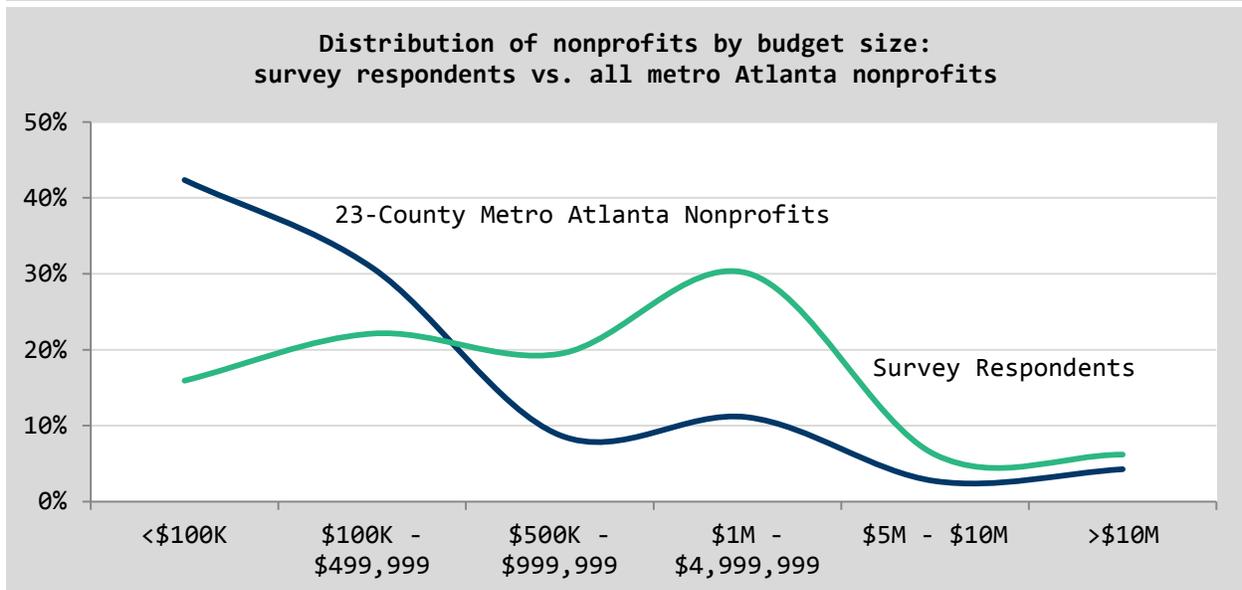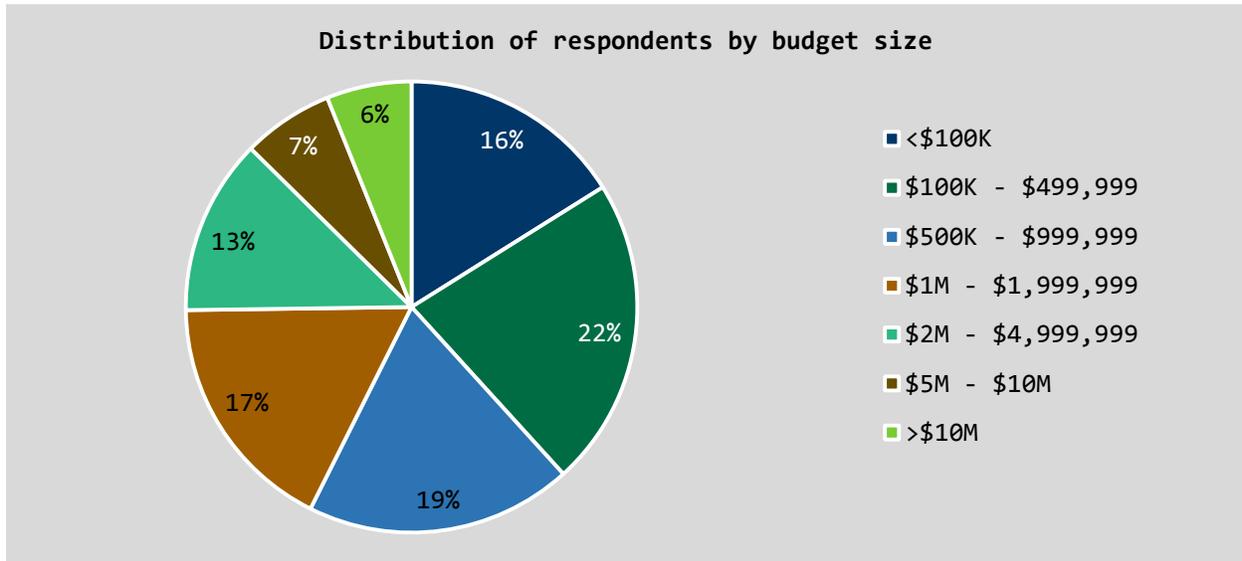
Organizational Type Profile

Sorted by subsector, major categories of responses were human services, arts and culture, education, and health-related organizations. Comparing the sample to the statewide sector (not just the Metro Atlanta area), human services and arts may be overrepresented while education and religious-affiliated groups may be underrepresented.[4]

Composition of survey respondents by subsector

■ survey Respondents   ■ Georgia Nonprofits

1	Human Services (Multipurpose)
2	Arts, Culture, Humanities
3	Educational Institutions, Education Support, Education Policy & Related Activities
4	Health Institutions, Health Services, Disease, Disorders, Medical Disciplines
5	Housing, Shelter
6	Youth Development, mentoring
7	Environmental Quality Protection, Beautification
8	Community Improvement Capacity Building
9	Food, Agriculture, Nutrition
10	Mental Health, Crisis Intervention
11	Employment, Job-related
12	Religion-related, Spiritual Development
13	Philanthropy, Volunteerism, Grantmaking Foundation
14	Animal-related
15	International, Foreign Affairs, National Security
16	Crime, Law-related, Public Safety, Disaster Preparedness & Relief
17	Civil Rights, Social Action Advocacy
18	Other

---

[4] Data retrieved via the The Urban Institute, National Center for Charitable Statistics: http://nccsdataweb.urban.org.

Size Profile

Survey respondents were comprised of a fairly even distribution of budget sizes, as can be seen in the below pie chart. However, compared to the distribution of all active (reported a 990 and expenses in 2013[5]) Metro Atlanta nonprofits, it can be seen that organizations with budgets below $500,000 are somewhat underrepresented, $500,000 to $5 million are somewhat overrepresented, and budgets larger than $5 million closely track the regional numbers.

Distribution of respondents by budget size

- <$100K
- $100K - $499,999
- $500K - $999,999
- $1M - $1,999,999
- $2M - $4,999,999
- $5M - $10M
- >$10M

Distribution of nonprofits by budget size: survey respondents vs. all metro Atlanta nonprofits

---

[5] Data retrieved via the IRS's Exempt Organizations Business Master File Extract: http://www.irs.gov/Charities-&-Non-Profits/Exempt-Organizations-Business-Master-File-Extract-EO-BMF

Grantee Profile

Forty-seven percent of respondents self-identified as grantees of the Community Foundation for Greater Atlanta in the past five years (2009-2013). Among those identifying as recent grantees, the majority (78%) were in the four core metro counties.
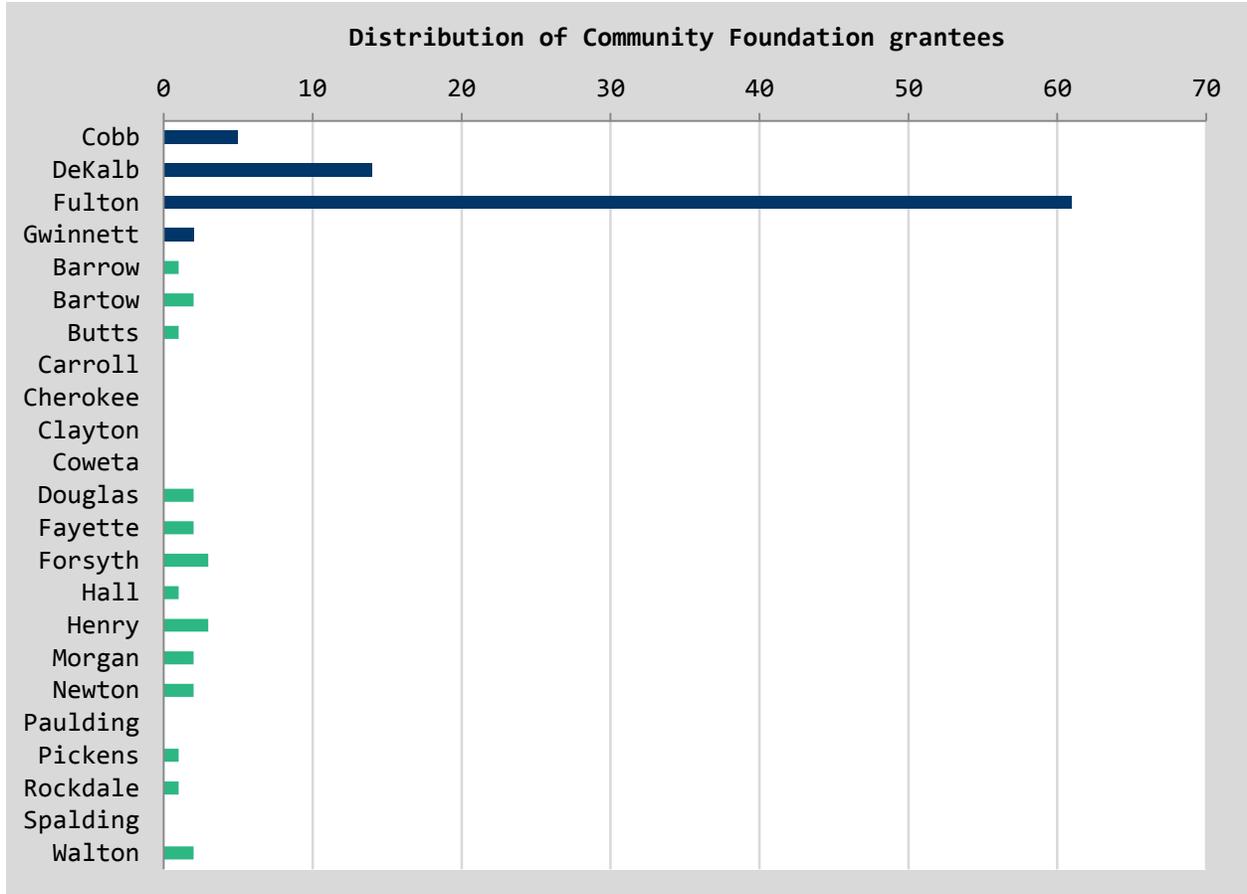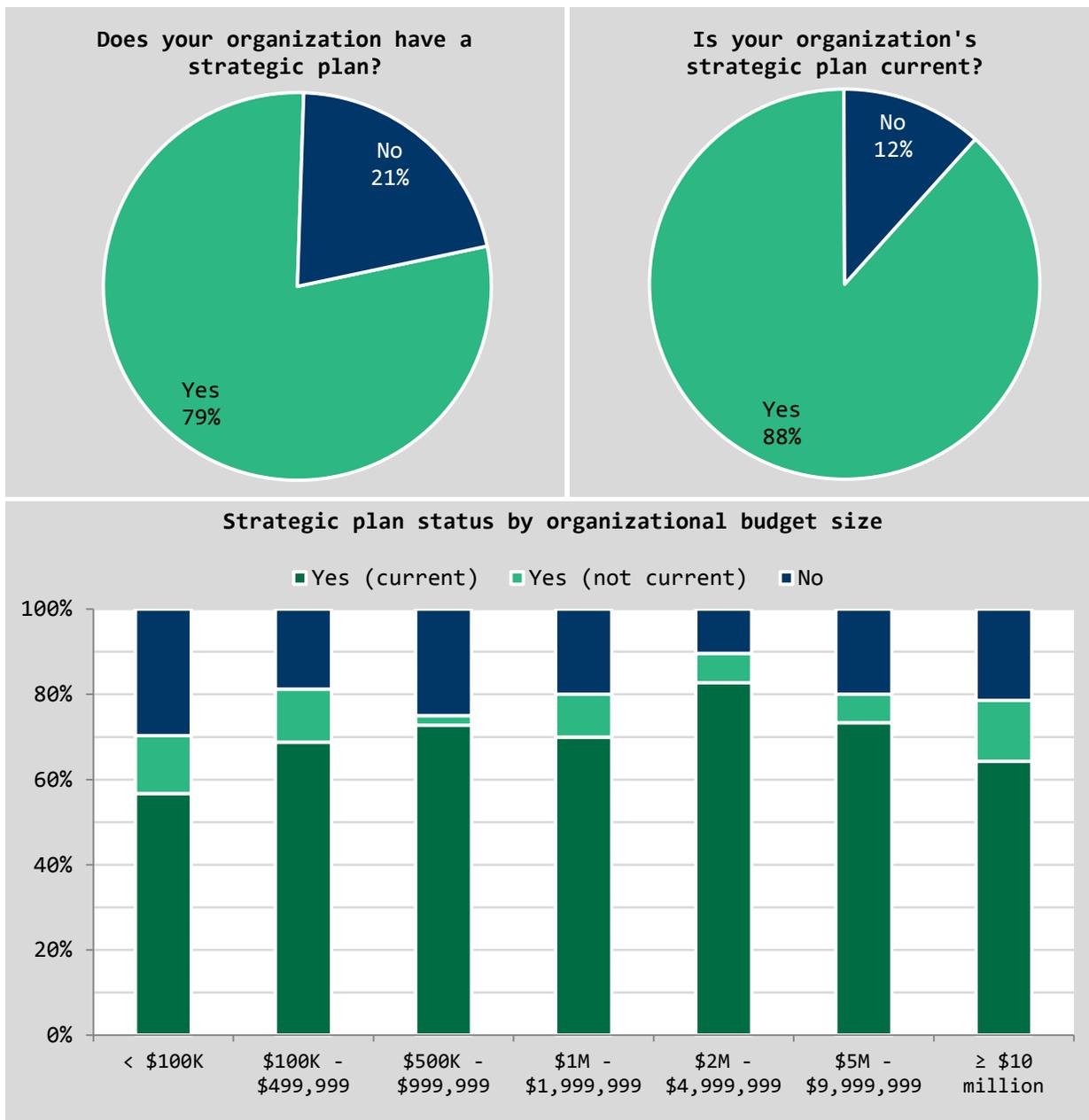

Among those respondents indicating that they are current or past grantees of the Foundation, budget size categories are for the most part equally represented in the survey responses. Of these, less than $100,000 and above $5 million represent the smallest segments.
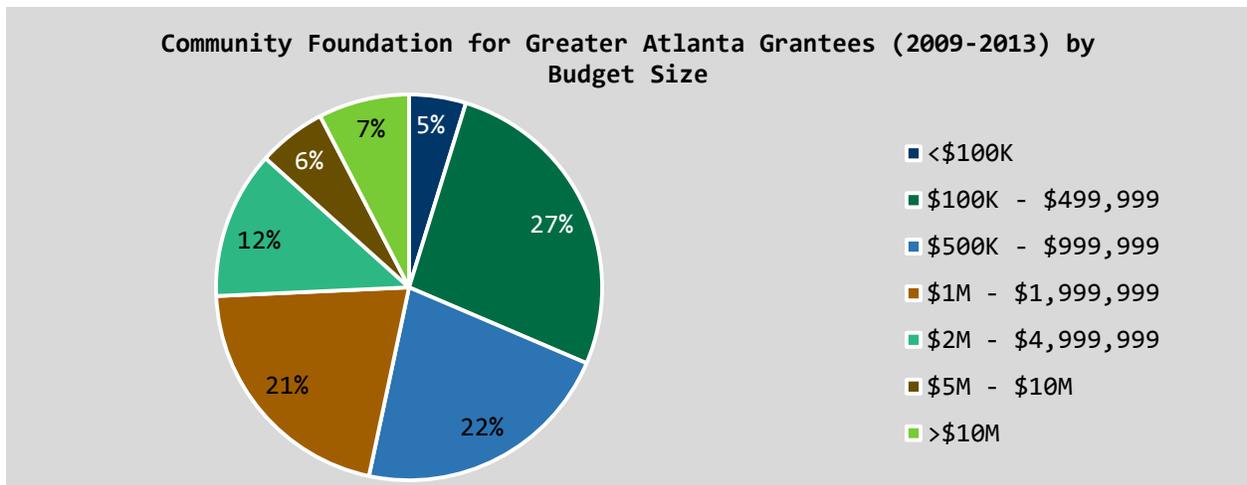
Strategy & Planning

Strategy Prevalence

Seventy-nine percent of respondents state that their organization has a strategic plan, and among those that do, only 12% state that the plans are *not* current. The proportion of organizations with strategic plans and their plans' currency has remained approximately the same—within one percentage point—since the 2011 report (80% and 12%, respectively).
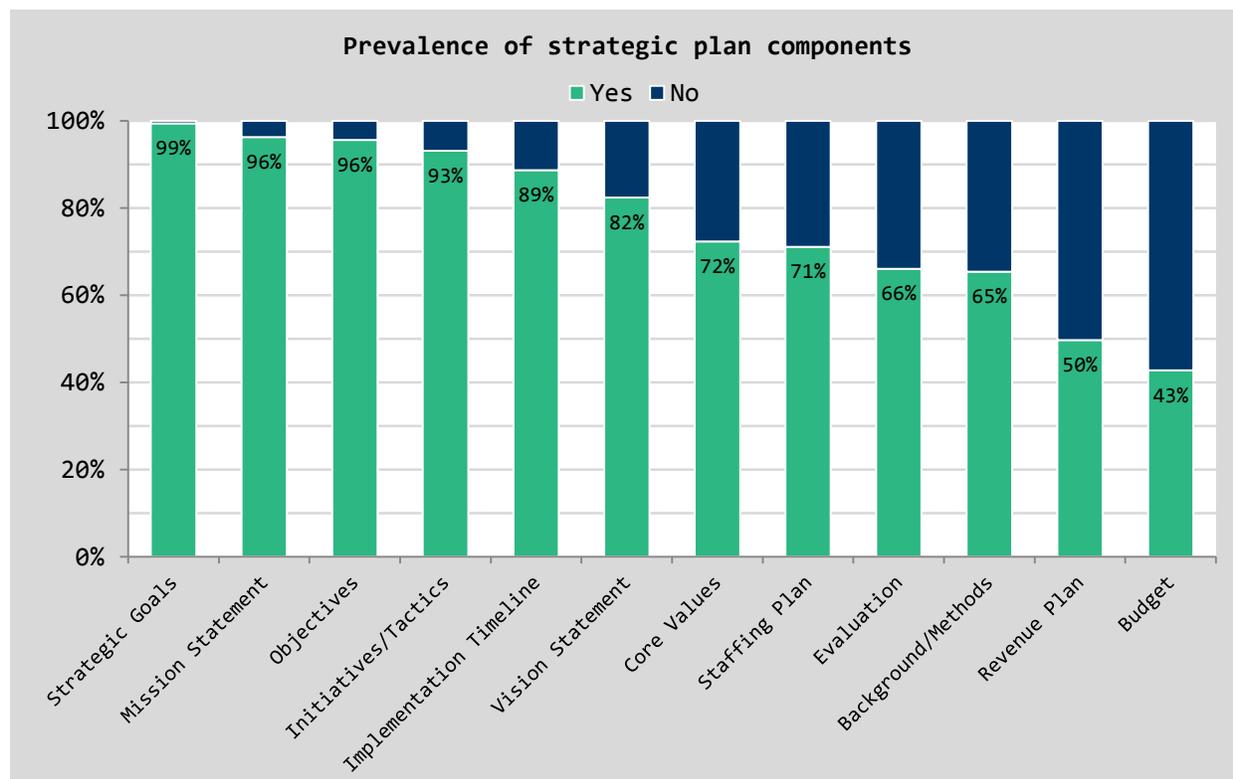

Does your organization have a strategic plan?

No 21%

Yes 79%

Is your organization's strategic plan current?

No 12%

Yes 88%

Strategic plan status by organizational budget size

- Yes (current) - Yes (not current) - No

Finding 1: Size matters in obtaining and keeping plans current—to an extent.

There is a positive correlation among organizational size and plan prevalence, but only up until $5 million budget size; prevalence declines above that threshold. Overall, there is a positive, albeit low (R^2 = 0.22), correlation between organizational budget size and having a strategic plan. This correlation has become more equally distributed since 2011, when the positive correlation was more apparent. However, stratifying the data—above or below $1 million— generates a clear difference (83% and 76%, respectively) in strategic plan prevalence. The relevant expenses and time associated with crafting a plan are likely the cause. There is little predictability regarding a strategic plan's currency in relation to budget.

Plan Components

Strategic plans contain a series of interrelated elements or components that make organizational aspirations into an achievable and executable blueprint. The plan's components, in aggregate, serve as a map, laying out what must be accomplished to be a well-functioning organization based on a set of assumptions about the future. This includes a summary of decision-making processes related to the outcomes an organization is striving for and details how the group will (1) operate to achieve them via granular tactical or managerial initiatives; (2) budget relative costs and revenues needed to be successful over the term of the plan; and (3) account for internal capacity and infrastructure like staffing, technology, processes, etc. The basic strategic elements that underlie the plan are primarily seen as goals. But, it should also be evident in the background section and financial projections, where the data used to make these decisions should be outlined and the budget priorities that align with the goals/outcomes should be apparent.

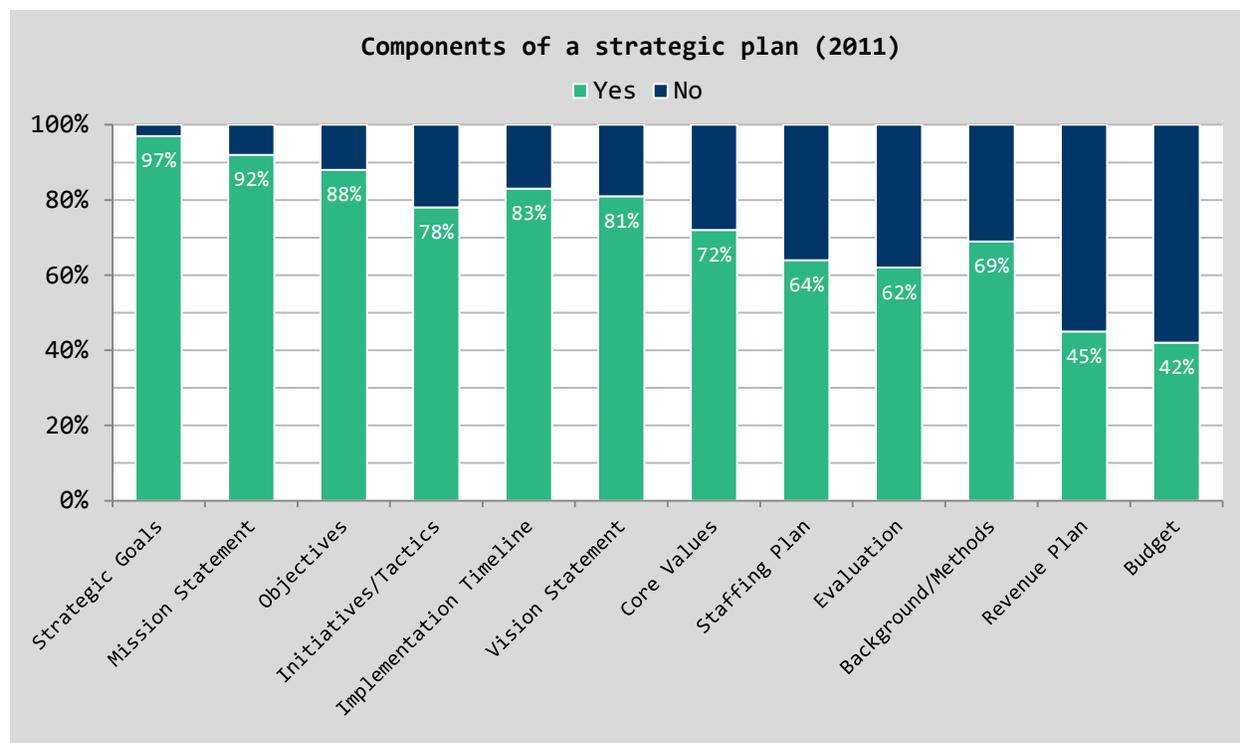

Prevalence of strategic plan components

Data suggests that organizations tend to focus (at least explicitly) on the high-level aspirational components of their strategic plans and neglect the more granular processes, infrastructure, and detailed budgeting that allow the implementation of their strategy. As illustrated in the above chart, 80% to 100% of respondents with strategic plans had mission and vision statements, goals, objectives and initiatives. However, only 71% have a staffing plan to ensure the capacity to implement these new initiatives, only two-thirds have evaluation plans to measure efficiency and impact (something more and more frequently required for grants), and merely 43% have budgets to ensure the feasibility of the strategy implementation and staffing.

Background materials articulating data collection methods, types, and uses of data is tied to a market-aware strategy—conducting a SWOT analysis, focus groups, and incorporating stakeholder feedback. The lack of this information indicates that a number of assessed plans are more likely based on assumptions rather than data.

This pattern is generally consistent with the 2011 data (below), though the 2014 component prevalence has increased by an average of 5% across the board from the previous survey.

### *Finding 2: Prevalence of strategic plan components has increased since 2011*

Components by size

Analyzing the prevalence of plan components by organizational budget size, the hypothesis was that smaller agencies were more likely than larger groups to exclude one or more pieces. With three exceptions (strategic goals, initiatives/tactics, and core values), nonprofits with budgets greater than $500,000 were more likely to include a given component in its plan. The difference is most dramatic among financial, tactical, implementation, and methodological pieces—the components most directly associated with feasibility and execution of a strategic plan.
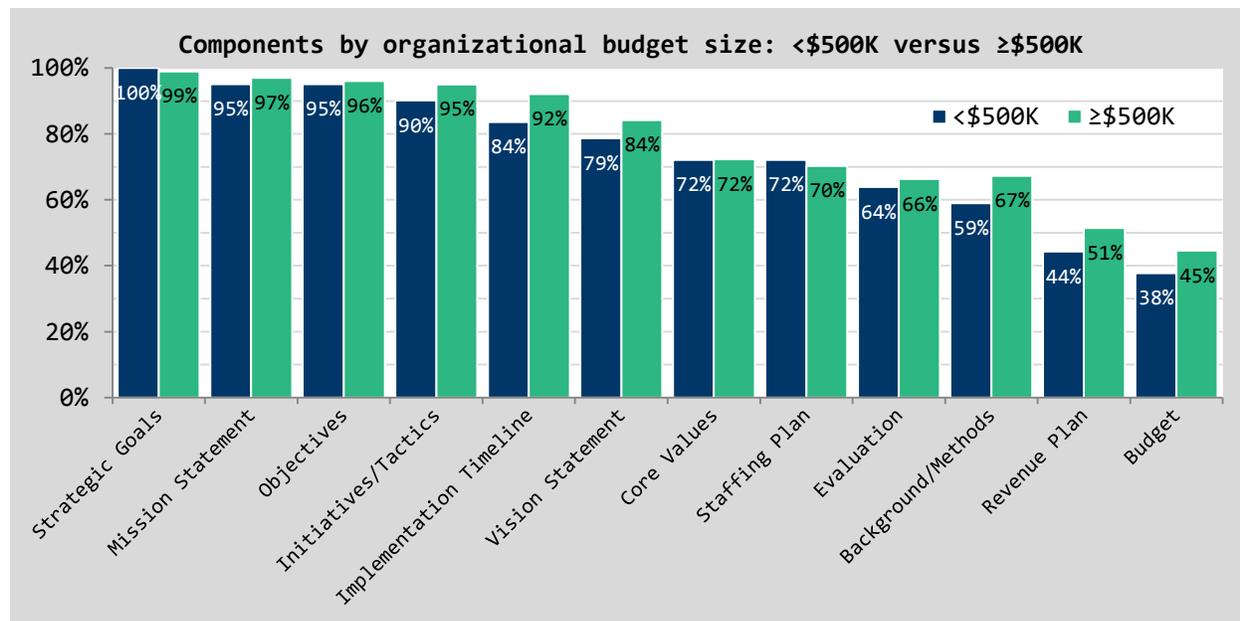

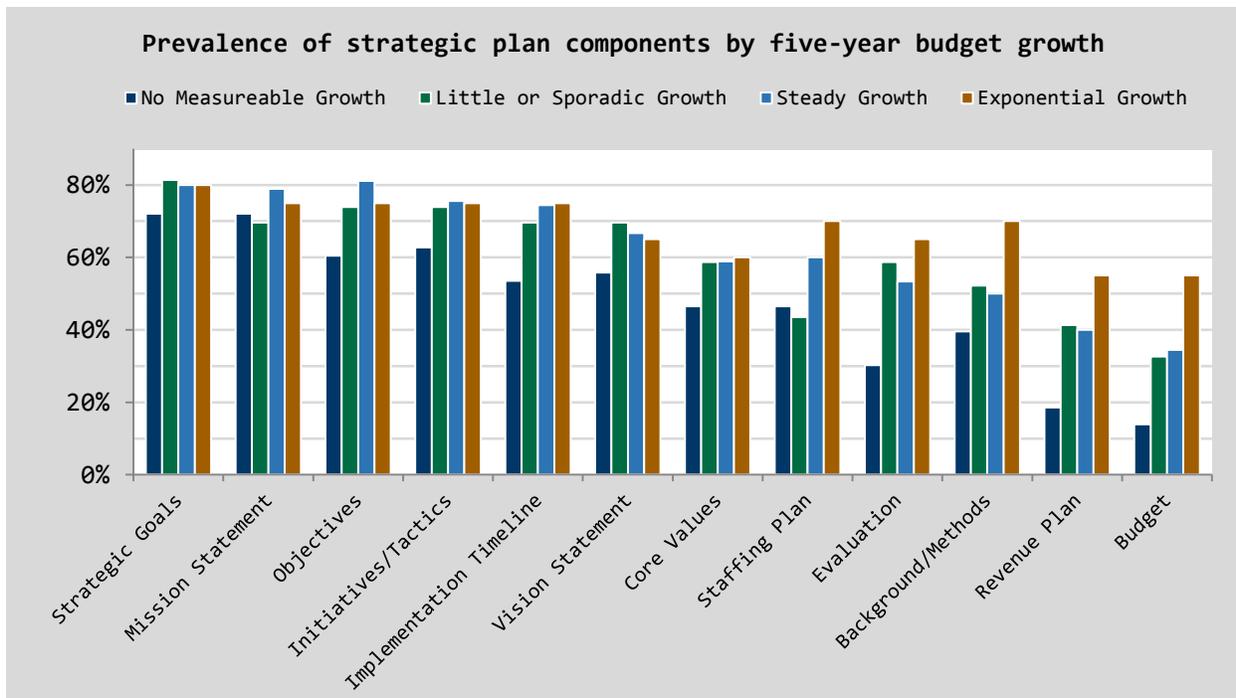Below is a more granular view of component prevalence by organizational budget range:
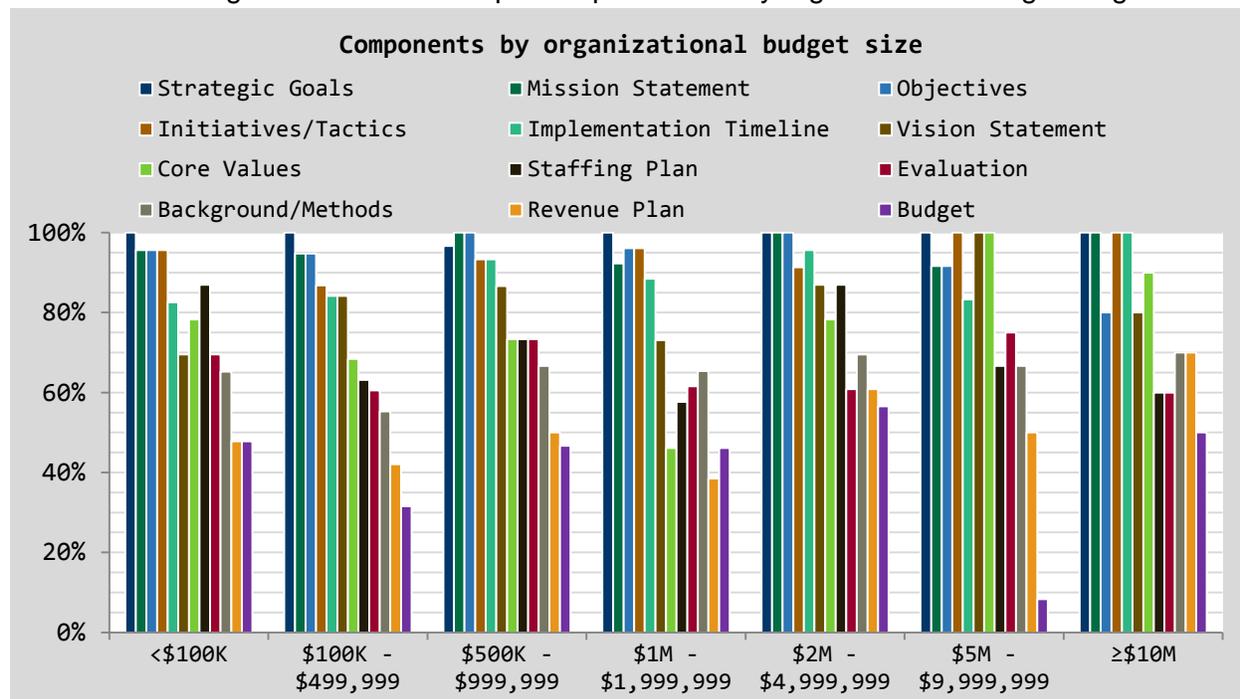
Finding 3: Strategic planning positively correlates with organizational growth

Perhaps the highest correlation in relation to strategic planning and the plan's components is organizational growth rate. Stagnant nonprofits are less likely to have plans as complete as groups seeing growth over the last five years, if they have a plan at all. Non-experimental, observational research is not strong enough to indicate causation, though it makes intuitive sense that comprehensive strategic plans (being plans for the future by definition) precede organizational growth over a given period, rather than the reverse.
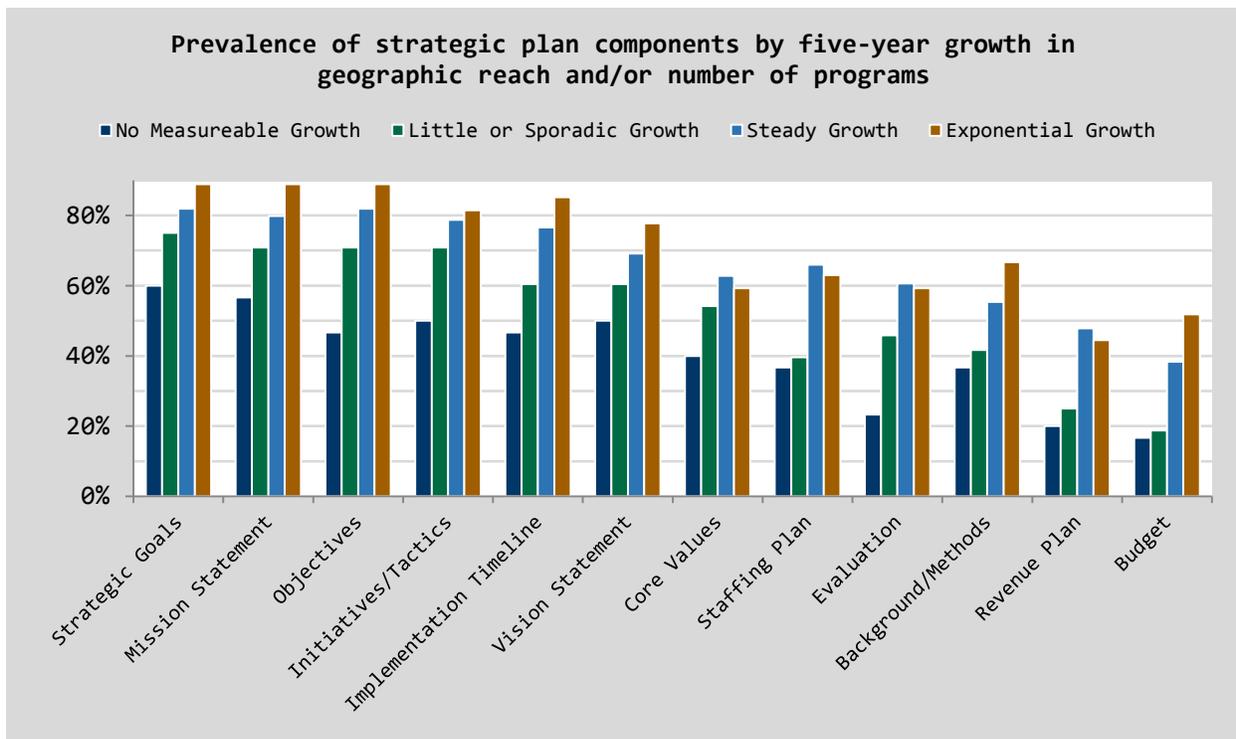
First, looking at whether or not organizations possess a strategic plan versus five-year growth measured in four ways—staff, budget, scope (geographic reach and/or number of programs), and measurable impact—a clear positive correlation (most strongly for staff growth; $R^2 = 0.98$) is apparent. Strategic plan prevalence among organizations with no growth is low, ranging from 50% to 71%, while organizations seeing high rates of growth are much more likely to have a plan (80% to 93%). Below is the mean of the four growth metrics stratified by strategic planning prevalence—whether an organization has a plan or not. The positive trend is clear and statistically significant.
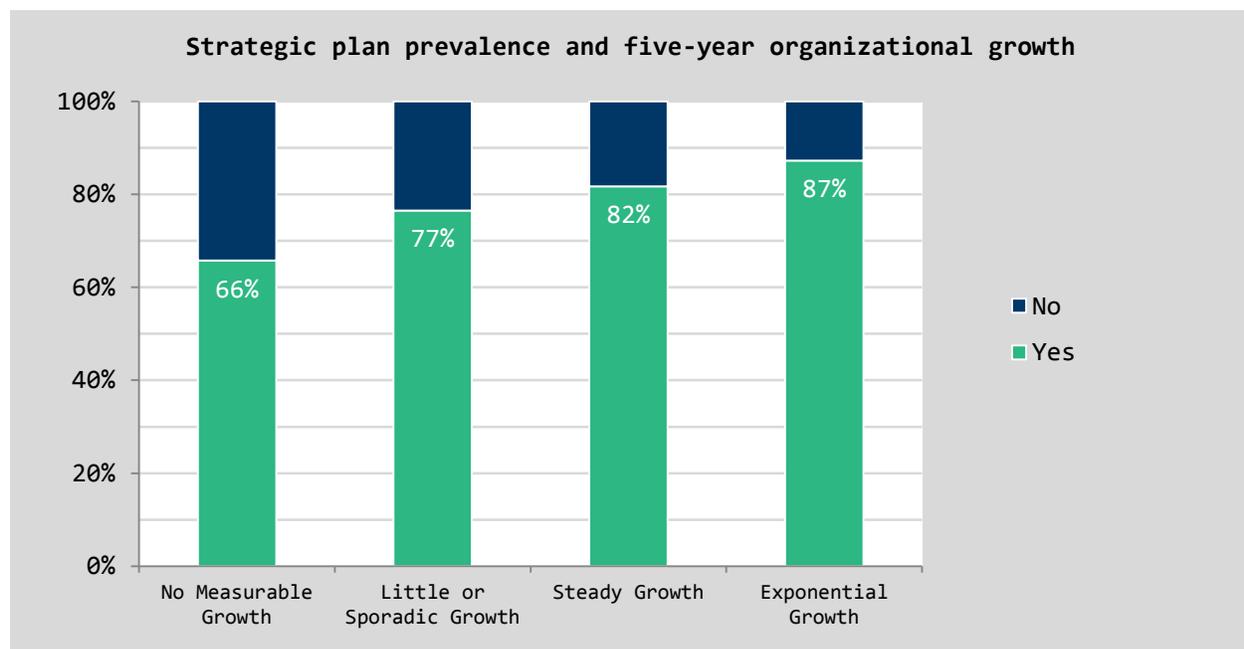

Further, to gauge the comprehensiveness of these plans, an analysis of growth by strategic plan component was conducted. Looking at budget growth, the difference between steadily to exponentially growing organizations and organizations with little or no growth ranges from 3% to 17%. The components with the greatest disparity exists between budgeting and evaluation, two key components when executing the plan and measuring impact. Similar patterns exist in each metric of growth, indicating that those components are likely driving the experienced growth.

Prevalence of strategic plan components by five-year budget growth

■ No Measureable Growth   ■ Little or Sporadic Growth   ■ Steady Growth   ■ Exponential Growth

Among measures of growth, growth in scope (geographic reach and/or number of programs) showed the most significant correlation between rate of growth and component prevalence—a strong, positive relationship. Those organizations experiencing scope growth over the past five years were more likely to include any given component in its plan.

Prevalence of strategic plan components by five-year growth in geographic reach and/or number of programs

■ No Measureable Growth   ■ Little or Sporadic Growth   ■ Steady Growth   ■ Exponential Growth

The majority (56%) of responding organizations' strategic plans are designed for a two to three year period. One-third of nonprofits plan for four to five years at a time.
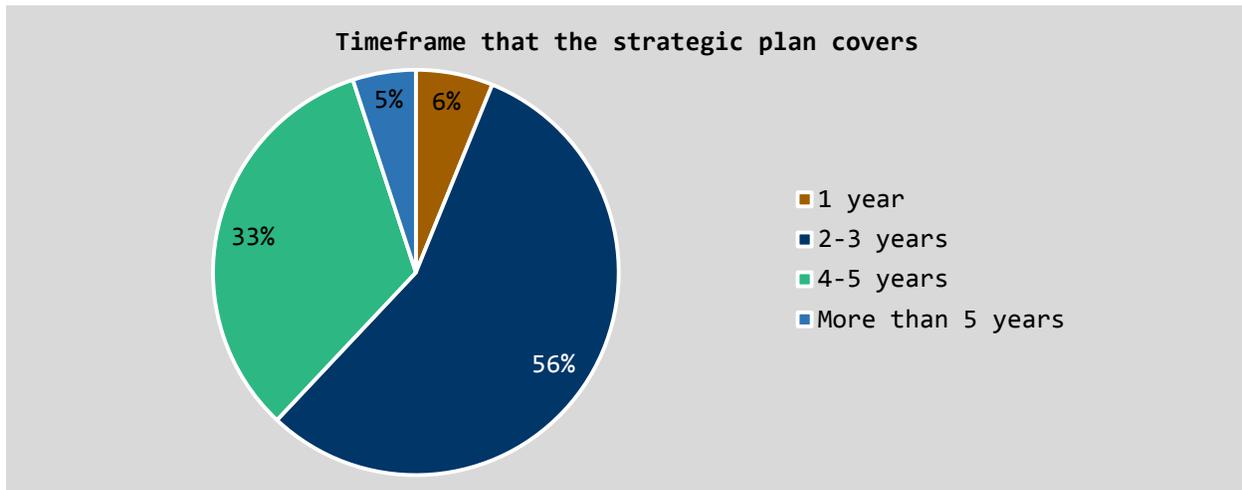

Planning Practices:

Beyond the structural outputs—the document and its elements—a plan's data inputs are at least as important. The sources and quality of information that inform a strategy determine the plan's appropriateness and feasibility. To make effective planning decisions, an organization must understand service gaps and demand, the market dynamics associated with delivering these services, its own internal capacity, and relevant external influential forces (e.g. political, economic, geographic). For these reasons, good planning practice includes the use of a SWOT—strengths, weaknesses, opportunities, and threats—analysis and involves various stakeholders to both design solutions and test assumptions. This process for examining internal and external influences can either limit or enhance the success of a plan, subsequently, it is critical that the SWOT be conducted using a broad array of external and internal data sources.

The tables below illustrate the extent to which metro Atlanta nonprofits currently collect, analyze, and utilize data to inform decisions and planning processes.

Nearly 90% of responding organizations involve their staff and board at a moderate to extensive degree, while far fewer (56%) incorporate their consumers or constituents to the same degree.

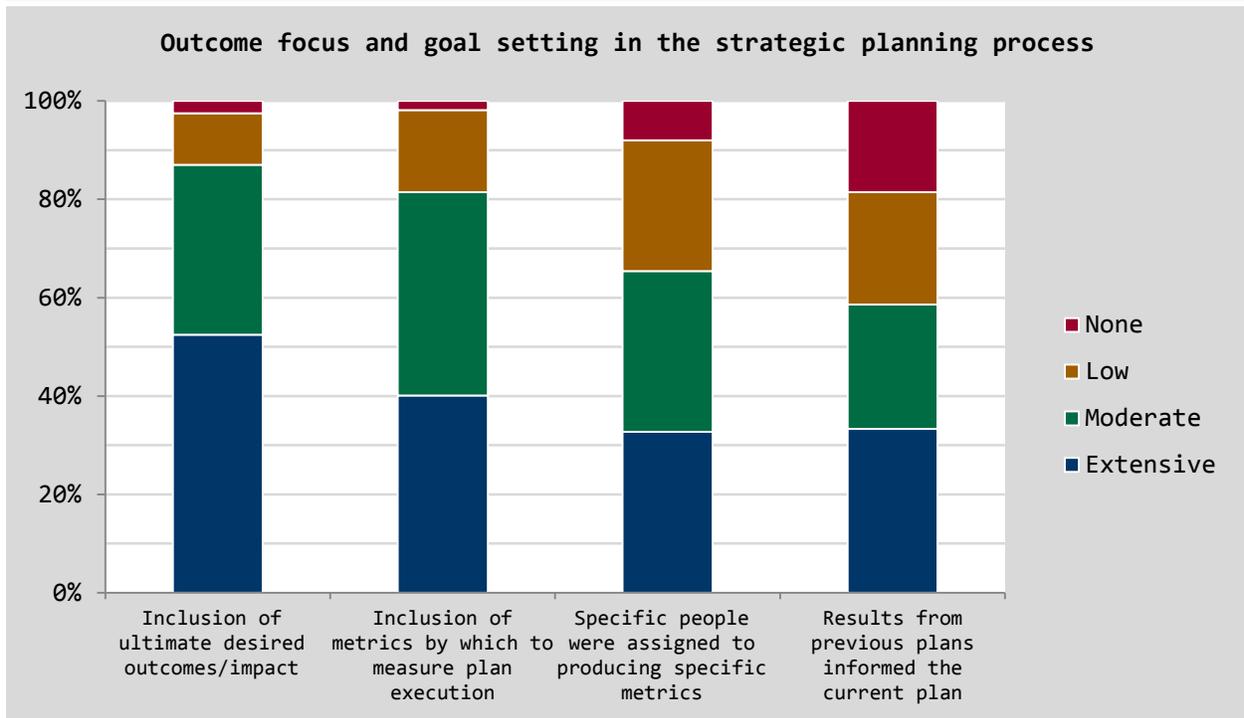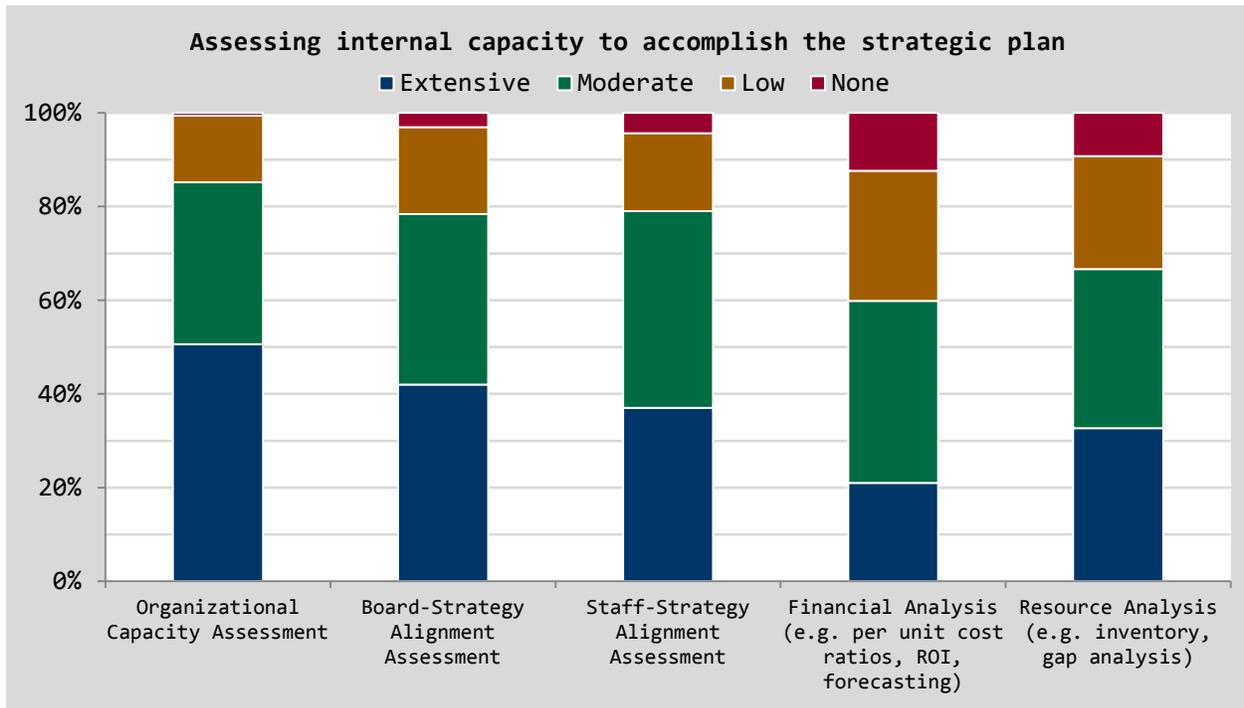**Level of involvement in the strategic planning process**
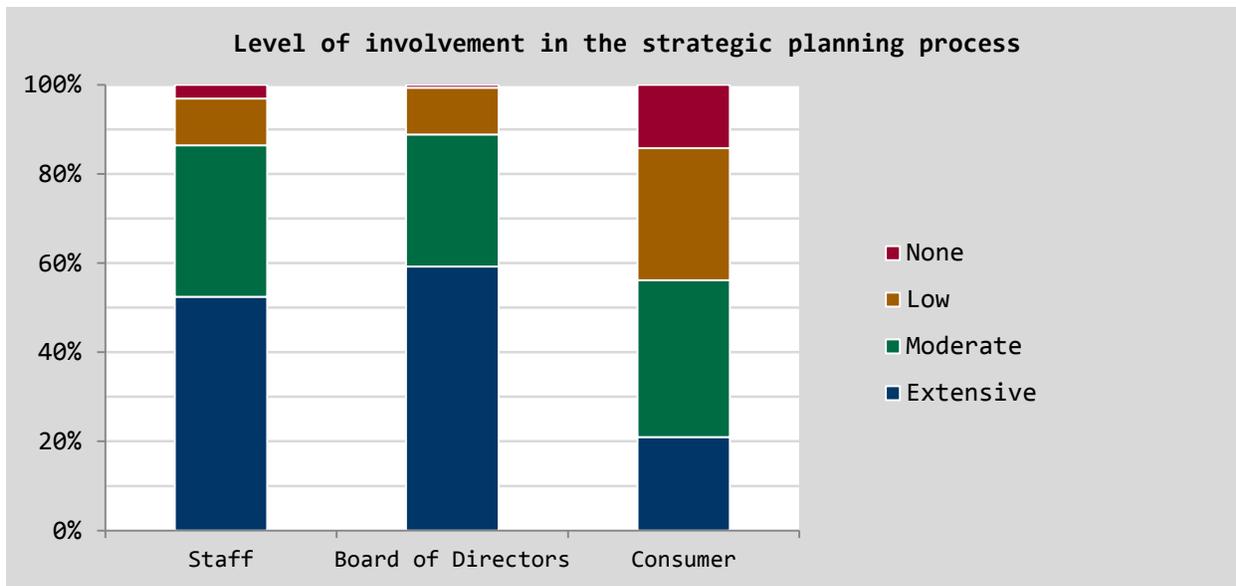
Below, it can be seen that organizations are more likely to rely on internally generated data, as opposed to external data sources such as census data or various research studies. Only one respondent did not use any internal data. There is almost no change in any category regarding usage and dependency on external or internal data from the 2011 benchmark report (all variations are within 3% of prior results). This is a surprising finding considering the rapid advances in data tools and accessibility through the internet.

Use of data in the strategic planning process
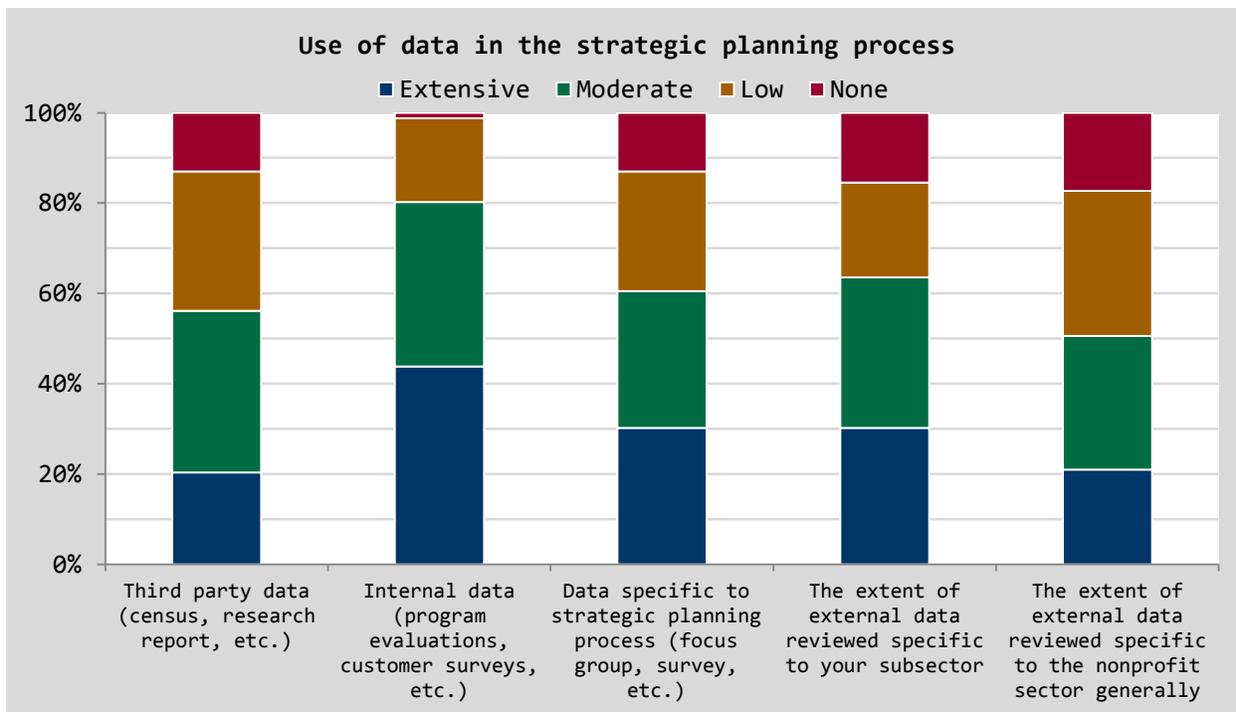
As illustrated below, just 60% of respondents moderately to extensively review financials before or while conducting a strategic planning process. This matches the previous finding that budgets

and financial plans are the least common component in a strategic plan. Similar to the above chart, there is no significant change between 2011 and 2014 responses.

Assessing internal capacity to accomplish the strategic plan

Outcome focus and goal setting in the strategic planning process

Clearly, a majority of metro nonprofits take many external and internal factors into account. However, increased external data usage and consumer involvement enables organizations to have a more holistic landscape of the market, better informing their strategic plan. Consistent with the findings throughout our study, financial data and evaluative metrics are the least

practiced components, though are potentially the most indicative of a sustainable and impactful organization.

Finding 4: Low market-focus impacts everyday decision making and strategy development, subsequently, affecting overall impact.

Being market-focused means that organizations gather and use appropriate data to set and adjust strategy, and that they operationalize how they monitor and manage data for ongoing benchmarking and employee/volunteer focus.

The majority of Metro Atlanta nonprofits involve their board and staff in the planning process, but not their beneficiaries. Viewing the below chart, a correlation between the growth of an organization's measurable impact and involvement of constituents or consumers is apparent. The more consumers are integrated into the planning process, the more likely the organization is to have experienced steadily or exponentially increased impact and less likely to stagnate.
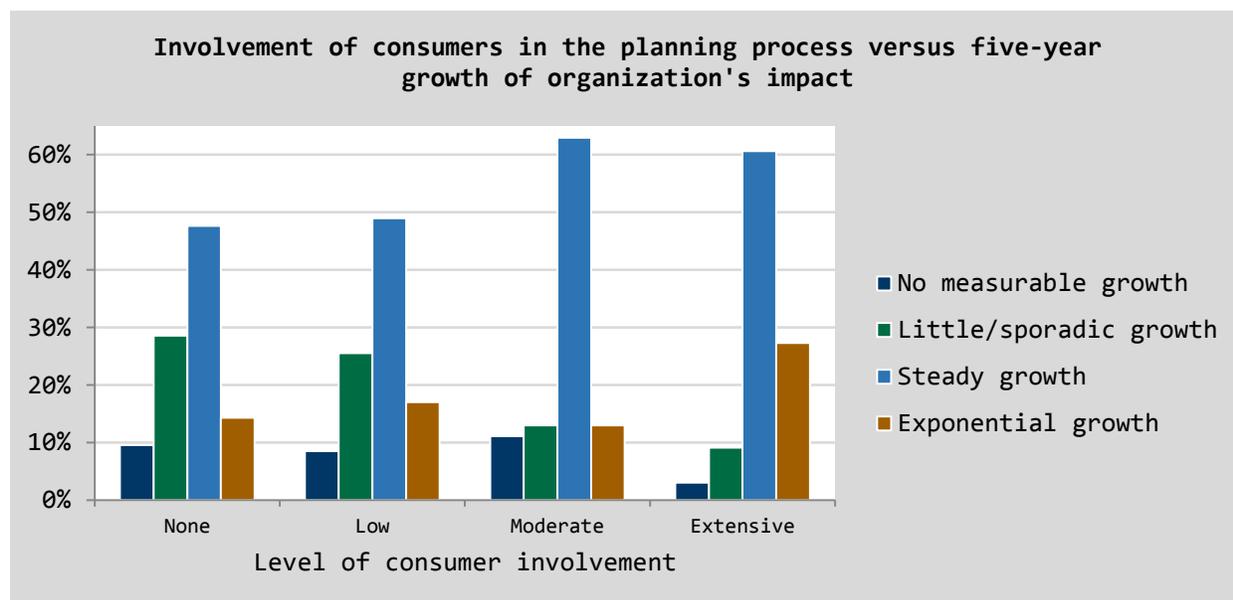
Metro organizations also use some data to prepare their plan, although it is more commonly internally generated. However, in terms of being market-focused—designing outcomes based on the needs and wants of and the importance to their community—a low to moderate level of respondents implement practices to achieve a high degree of plan efficacy such as external data analysis, financial assessment, and consumer feedback to assess their strategy development.

Regarding third party external data to inform the strategic planning process, the trend is less obvious than the above example, but it is present. Looking at the extreme categories of the growth spectrum—no measurable growth and exponential growth—there is a trend: as more data is used, the likelihood of exponential growth increases and the likelihood of stagnation decreases. Exponential impact growth was experienced by 20.5% of organizations with

moderate to extensive use of data versus 13.8% among groups with no or low data usage. (Little/sporadic growth and steady growth are not greatly affected.)
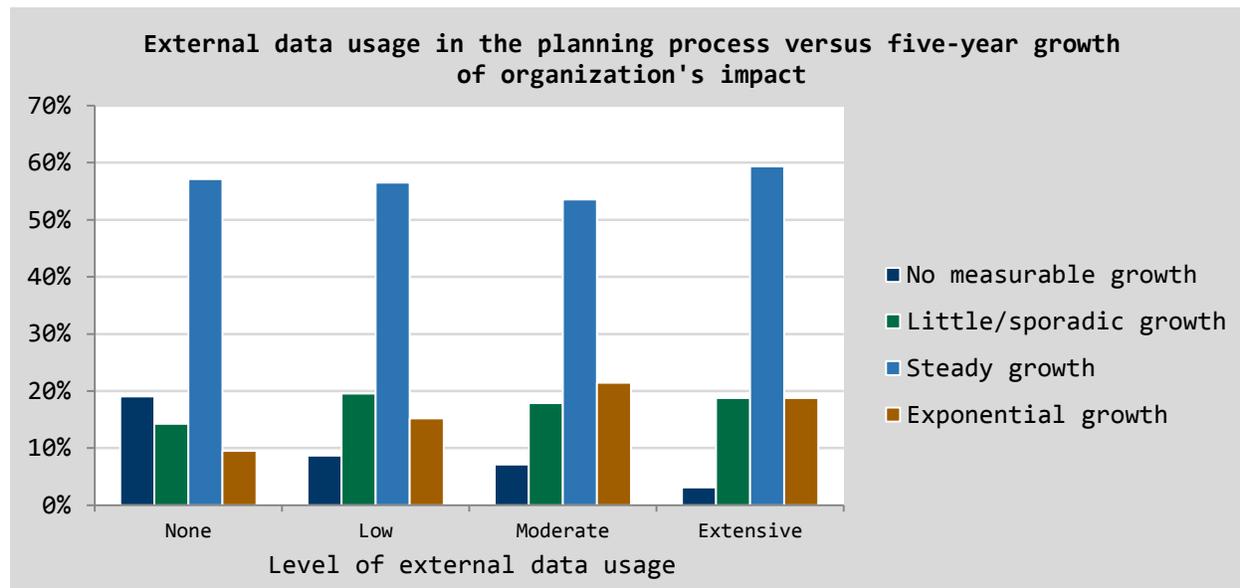
As noted in the 2011 benchmark study, there is a persistent trend in who creates the strategic plan and who executes the plan. If board members are moderately to extensively involved in the creation process (89% of respondents agree) and they are not using much external data (44% aren't) or including evaluative metrics in the plan (only two-thirds do), what informs the decision making? Further, less than 60% are using data from the previous plan. This approach suggests that decisions are made with a narrow, predetermined viewpoint rather than an expansive understanding of market forces, and stakeholder needs and wants. This may affect the feasibility of strategy implementation.

Additionally, the lack of specifics like multi-year revenue and cost projections, staffing analysis, etcetera, speaks to the level of board-level strategic decision making involved in planning processes. Incorporating key staff—development, controller, human resources—to provide field-level perspectives may alleviate gaps in the plan creation and its eventual execution. Survey respondents who indicated a moderate to high level of staff incorporation had a 78% component prevalence rate (the averaged prevalence of each plan component), compared to 69% among groups with none or low staff input.

Finding 5: There is a disconnect between data availability and usage

For example: while the vast majority of boards possess the most recent financial records (97%) and audit (89%), those involved in writing the strategic plan—boards, more than 99% of the time—only conduct a financial analysis about 60% of the time, and only have revenue or budgetary plan components 50% and 43% of the time, respectively. Similarly, program evaluation is conducted approximately 75% of the time, and seemingly used quite a bit in the planning process, but detailed metrics and evaluation-related factors are neglected in the written strategic plan.

The planning, collection, and usage of data is a cyclical process that helps fine-tune programs to maximize impact. The above gaps in evaluation efforts and documentation are consistent with those identified in the 2011 report. This cycle is generalizable to other components and can easily become a downward spiral; as components are neglected in the written plan, they are less likely to be performed well, and are subsequently less likely to inform the next plan.

Public Policy Attitudes & Prevalence

One of the many roles of nonprofit organizations is to assist and represent their constituents and beneficiaries not just at the individual level, but at the macro-level. That is, addressing community-wide issues to help a wider breadth of people. One common way of doing this is effecting change through various forms of advocacy and public policy. To benchmark this form of work, it is helpful to look at both values and attitudes toward various forms of engagement as well as actions contrasted with those values. In other words, do nonprofits actually do what we say we believe in? Second, what capacity issues might impact the feasibility of taking action? And third, what are the motivators that might cause a person or group to act?

Perceptions toward Public Policy

There is an apparent consensus among Metro Atlanta nonprofits that public policy is a positive and necessary activity, intrinsically tied to the nature of their work; 88% somewhat or strongly agree on average. Importantly, CEOs—representing those with the ability to translate values into actions—track the same trend.
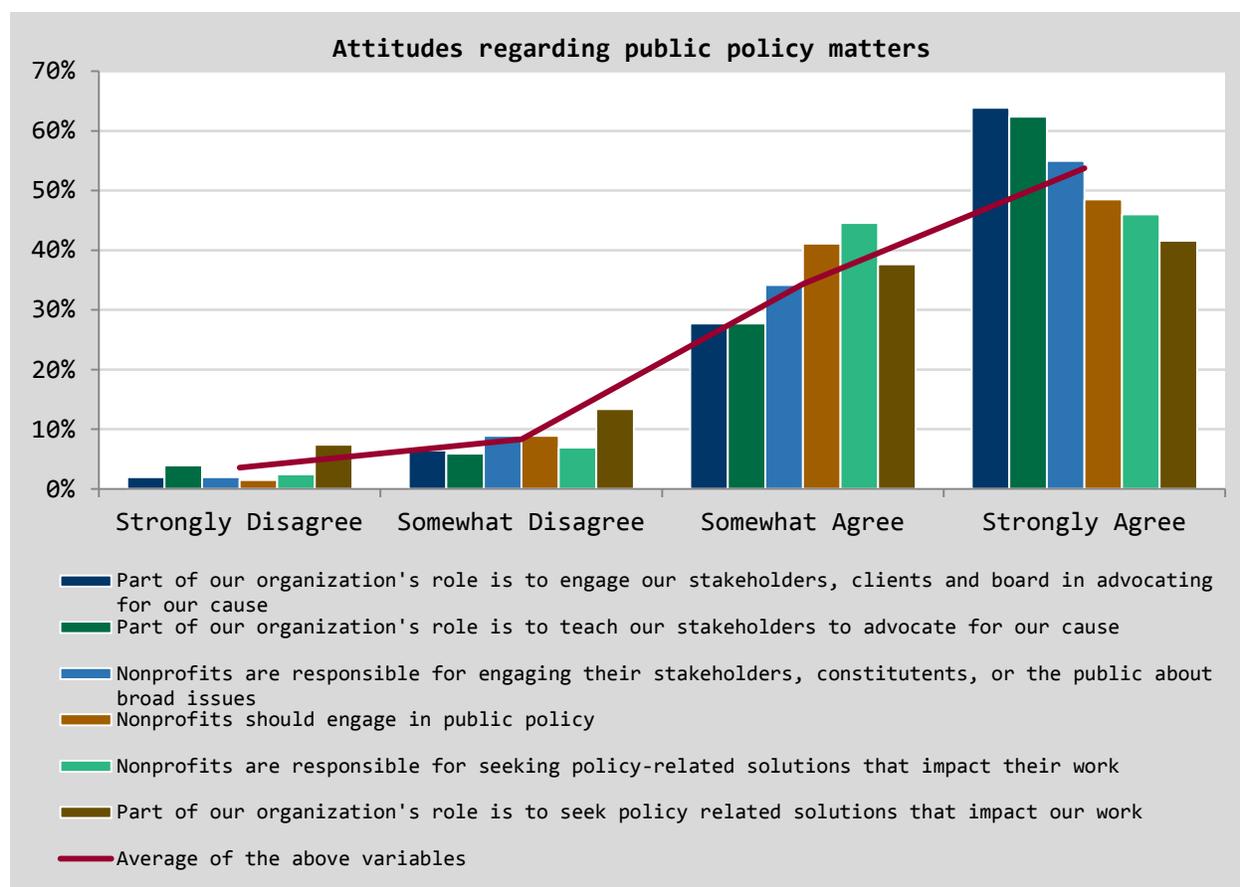
Interestingly, there may be a perception difference between the phrasing "advocacy" versus "public policy" as more respondents supported the need for teaching and engaging in advocacy work than matters of policy.

Actions Related to Public Policy

Actions that nonprofits take on public policy issues, whether general, specific to their organization, or specific to their client's/stakeholder's issues, has the converse trend from the desire or responsibility to conduct policy work.

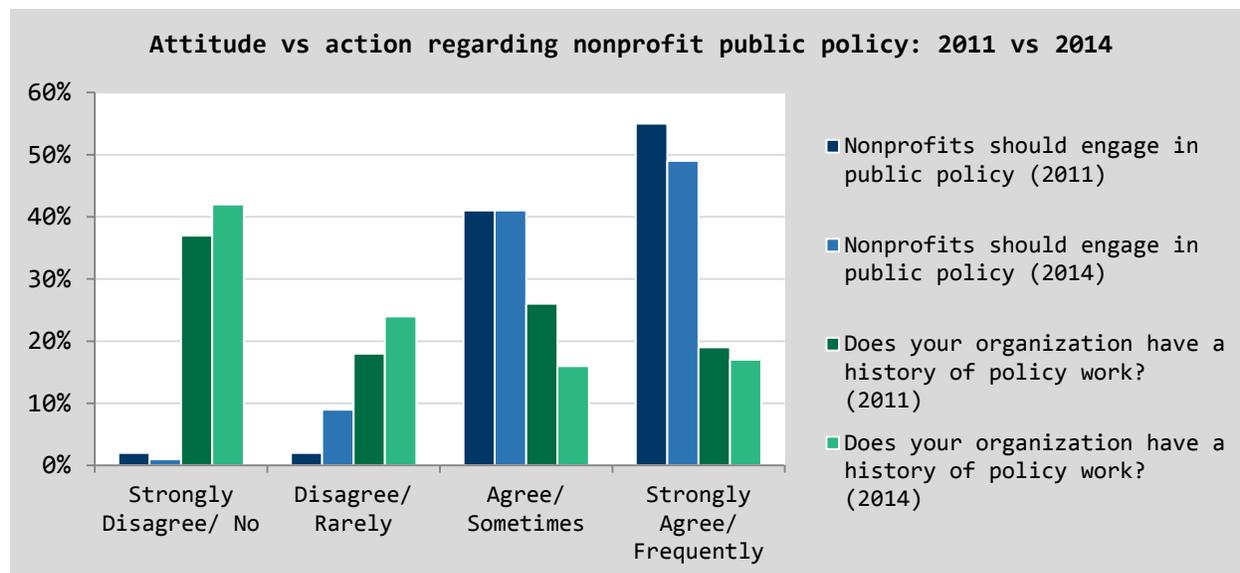*Figure: Actions regarding public policy matters*
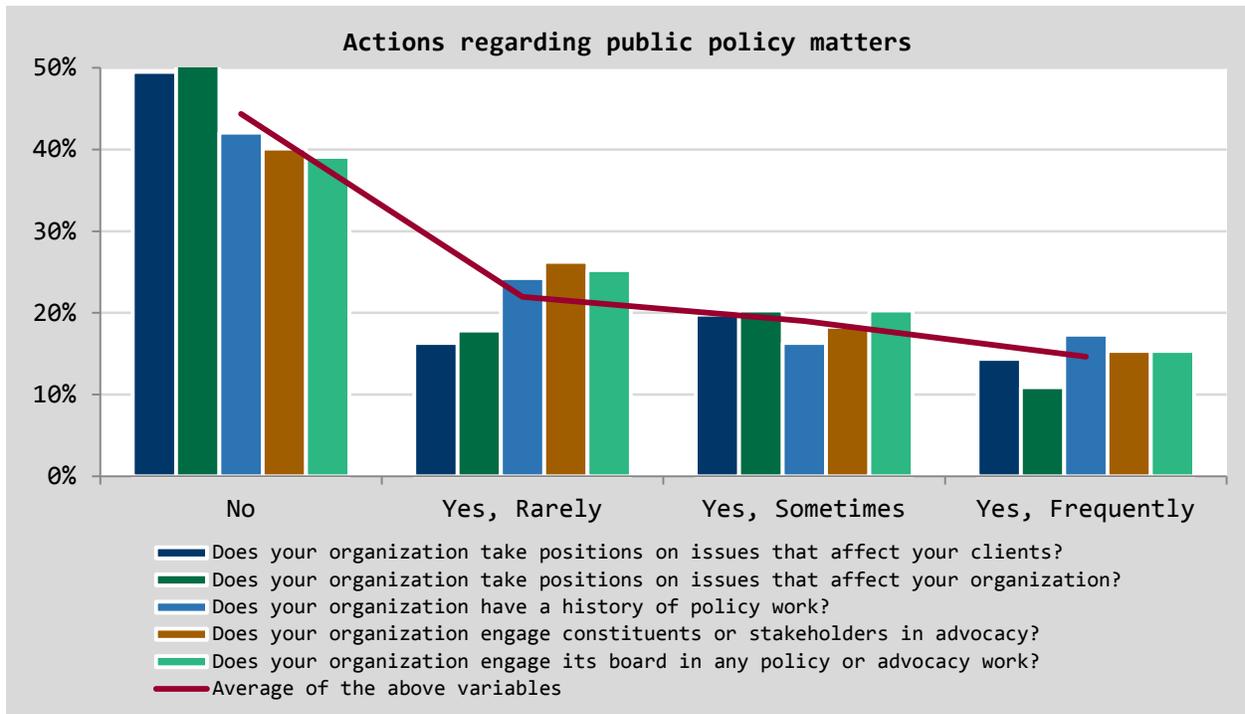
Finding 1: Nonprofits value policy but are not overly active in it

To further contrast the perception versus the reality, two categories are juxtaposed below.

Figure: Attitude vs action regarding nonprofit public policy
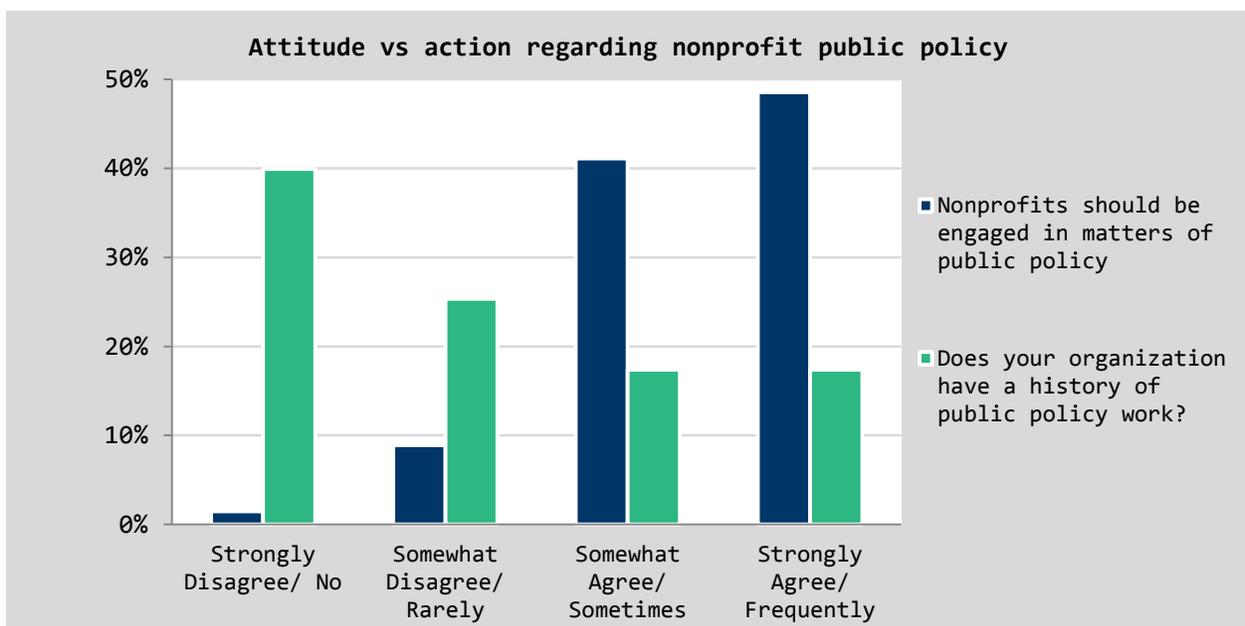
As can be seen in the chart below, policy perceptions (blue) track the 2011 findings closely, with about 4% more respondents disagreeing in 2014 that nonprofits should engage in the work. The 2011 report demonstrated a lack of follow-through to back these attitudes. Interestingly, even fewer groups are active or report having a history of policy work (green) in 2014 than in 2011, dropping from 45% to just 33% for "sometimes" and "frequently" engaged organizations—a 27% decrease. There are only two points in time available, but this trend is worrisome. Given these numbers, one might expect either (1) a positive policy environment needing little intervention from the nonprofit sector, or (2) a negative environment such that positive outcomes from policy interventions seem unachievable.

Attitude vs action regarding nonprofit public policy: 2011 vs 2014

Legend:
- Nonprofits should engage in public policy (2011)
- Nonprofits should engage in public policy (2014)
- Does your organization have a history of policy work? (2011)
- Does your organization have a history of policy work? (2014)

Motivations & Barriers Related to Public Policy

Among the respondents, 78% stated that policy issues at the state or federal levels sometimes or frequently impact their organization's work. A vast majority of nonprofit leaders believe their organization should partake in policy work, and nearly four out of five organizations is affected by policy, a battery of questions were asked to identify why organizations are reluctant to engage in macro-level public matters.

Finding 2: Funding threats are the primary motivators to engage in policy work, ahead of threats to the wellbeing of clientele

Organizations have a variety of reasons for engaging in public policy. While the reasonings likely overlap due to their interrelatedness, they are as follows:

To protect funding:	33%
To protect a program or specific clientele:	25%
It's in the mission:	7%
A directive from the board or executive:	5%

Organizations already involved in policy and advocacy do so to protect their consumers and funding, and because that type of work is intrinsic to their mission. Of the 66% of respondents that do *not* engage in policy work, the primary motivators to begin doing so are as follows:

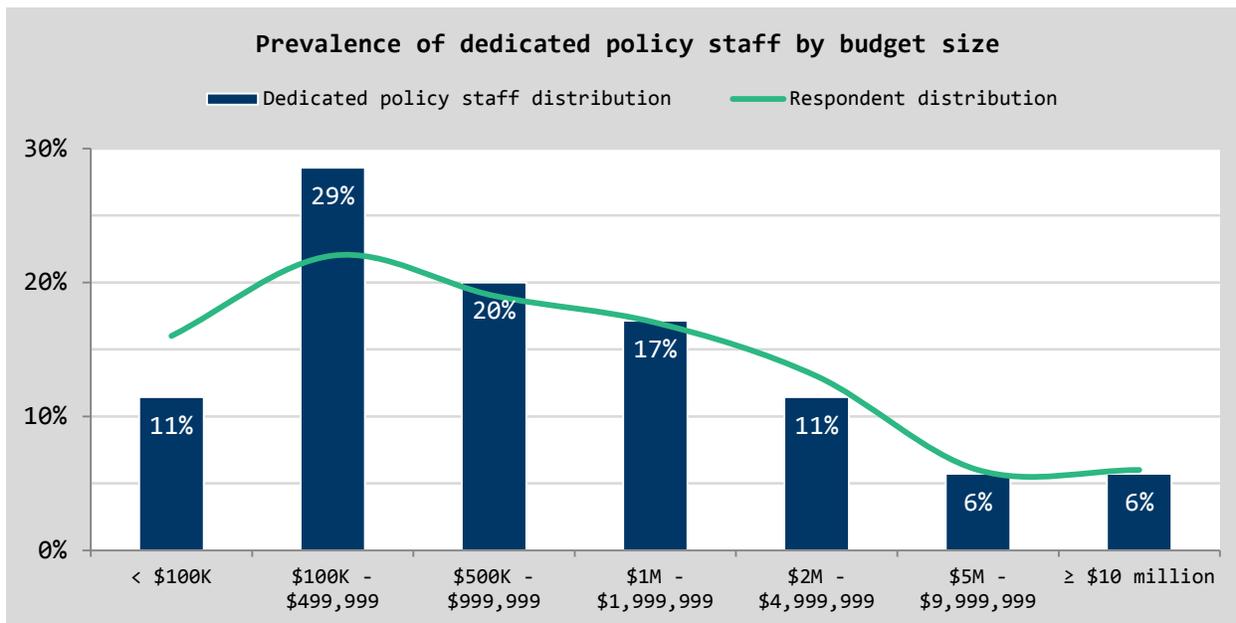|	
A direct impact on the organization:	30%
Appropriate staffing or experience:	28%
Adjusting the mission/scope of work:	15%
Evidence of policy work's impact:	13%
Perceived conflict of interest or illegality:	8%
Other:	6%

Barriers

Staffing and expertise is an identified reason for not engaging in public policy work—a particular struggle for nonprofits as many have needed to scale back, even through the recent economic recovery.
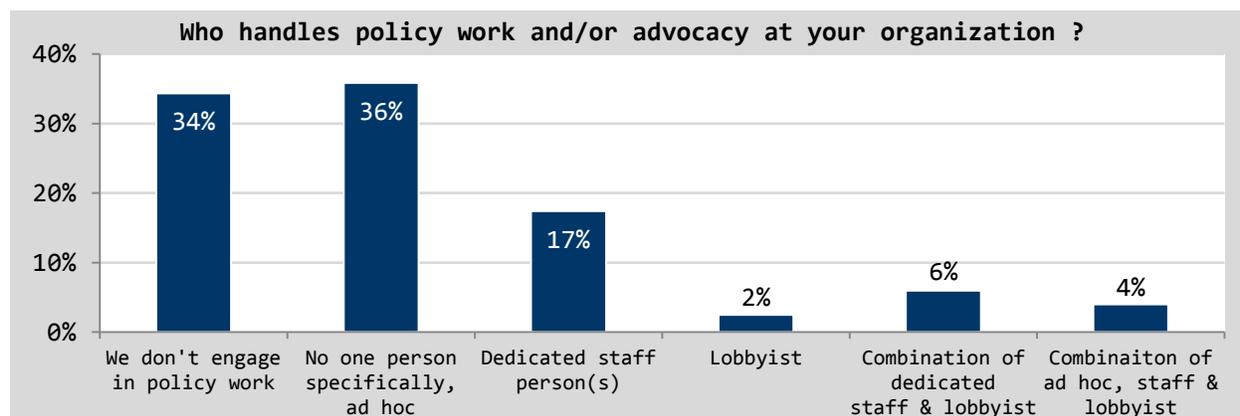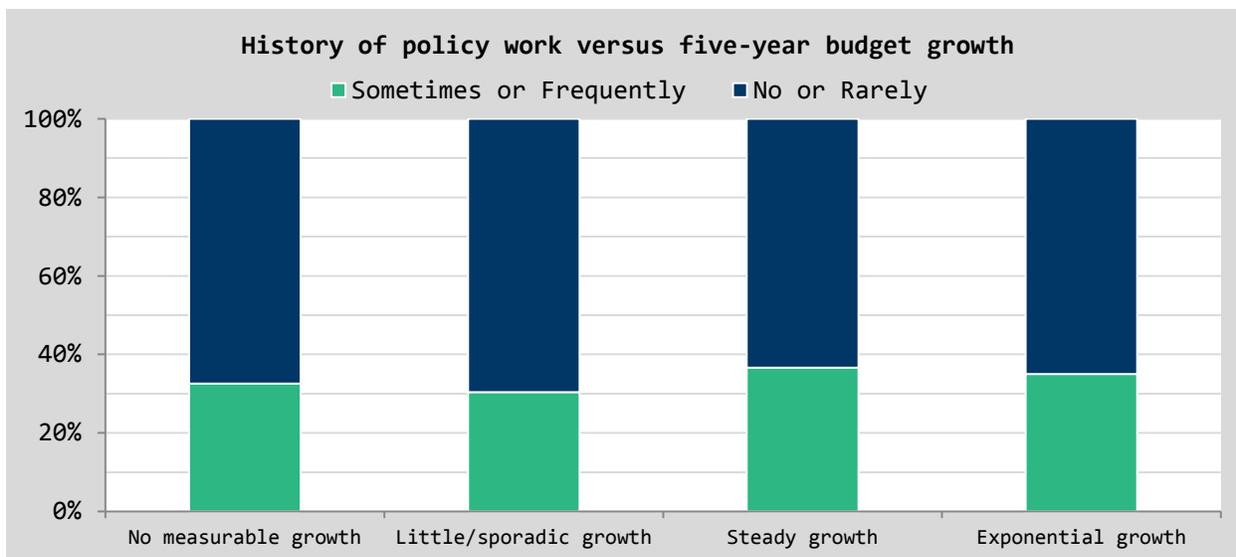

Analyzing organizational size with policy participation, it is clear that larger groups are more engaged, most likely because of the money and assets available to them. About one-fourth of nonprofits under $500,000 do engage in policy work, indicating the plausible feasibility of such programming, though it likely needs to be central to the organization's mission and strategic plan.
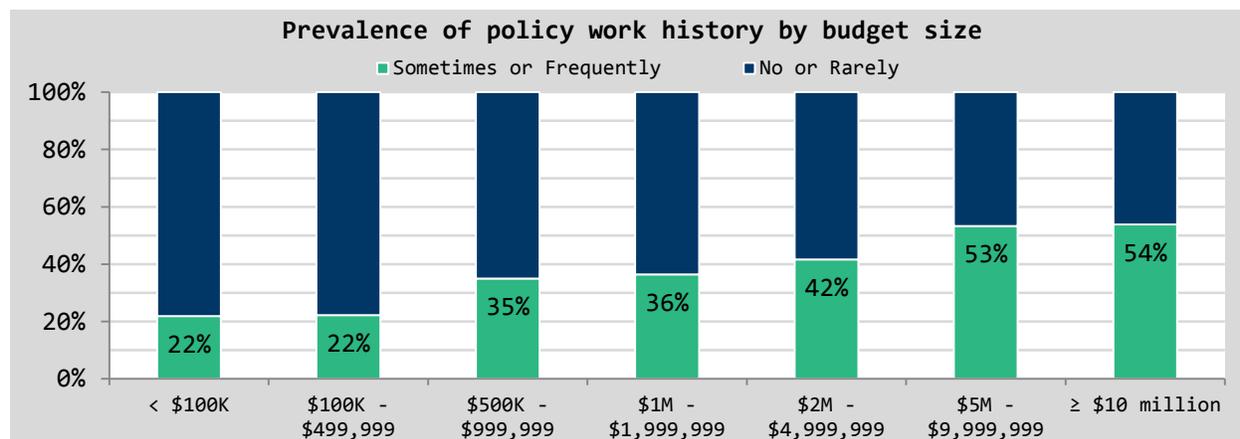
With a notably smaller sample size (n=35), the distribution of organizations with dedicated policy staff seems to, counterintuitively, favor the groups with smaller budgets. Even when comparing to the distribution of respondents—representing where we would expect the staff distribution to align—it can be seen that organizations with budgets ranging from $100,000 to $500,000 are significantly more likely to have policy staff. Further, the smallest subset of organizations are the least likely to have dedicated policy personnel, easily attributable to resource and staff capacity.

Prevalence of dedicated policy staff by budget size

- Dedicated policy staff distribution
- Respondent distribution

| Budget	Dedicated policy staff distribution
< $100K	11%
$100K - $499,999	29%
$500K - $999,999	20%
$1M - $1,999,999	17%
$2M - $4,999,999	11%
$5M - $9,999,999	6%
≥ $10 million	6%

Regarding an organizational history of policy work—sometimes or frequently engaging—and recent budget growth, there is no significant difference. Thus, neither are growing organizations practicing more policy work, nor are policy-engaged organizations experiencing extra growth.

History of policy work versus five-year budget growth

- Sometimes or Frequently
- No or Rarely

Growth category	Sometimes or Frequently	No or Rarely
No measurable growth	~32%	~68%
Little/sporadic growth	~30%	~70%
Steady growth	~36%	~64%
Exponential growth	~35%	~65%

Finding 3: Policy engagement is linked to improved organizational impact

Finally, among nonprofits perceiving a five-year growth in impact—by increasing the amount of services it delivers or numbers served, or by deepening the extent of results gained—there is a positive correlation with also having a history of policy work, ranging from 25% to 41%.
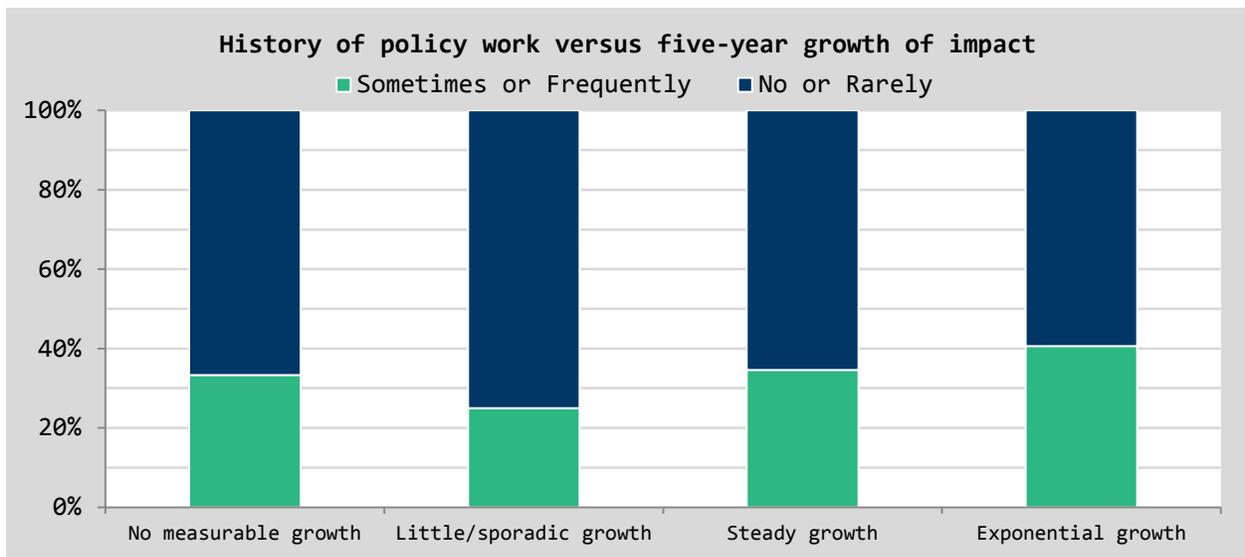
While larger organizations are more engaged in policy work, budget size may only be a perceived barrier, as organizations of all sizes conduct such work with little discernable impact on financial growth. Conversely, policy-engaged groups were more likely to run a deficit at some point in the past five years (52% versus 44% for all groups). There are potentially confounding factors, but this could be related to the way that policy work is conducted—*ad hoc* as opposed to planned—making it less strategic thus more burdensome in regards to the activity as an investment.

About the Georgia Center for Nonprofits

The Georgia Center for Nonprofits builds thriving communities by helping nonprofits succeed. Through a powerful mix of advocacy, solutions for nonprofit effectiveness, and insight building tools, GCN provides nonprofits, board members and donors with the tools they need to strengthen organizations that make a difference on important causes throughout Georgia. Learn more at GCN.org, follow us on Twitter (@GAnonprofits), and like us on Facebook (/GeorgiaCenterForNonprofits).