



strategies to achieve social impact

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## **The Sustainability Formula: Nonprofits Can Survive the Economic Downturn**

*TCC Group Survey reveals top strategies for nonprofits  
to improve financial sustainability in challenging times*

July 7, 2009 New York, NY - TCC Group today announced the results of an analysis of the factors that predict sustainability for approximately 700 nonprofit organizations that were surveyed using its Core Capacity Assessment Tool (CCAT). The CCAT is an online survey taken by an organization's senior staff and board members to assess an organization's leadership, management, adaptive capacity, and operational strengths and challenges.

The analysis identified ten key characteristics of financially sustainable nonprofit organizations:

1. Clearly articulated and effectively communicated mission and vision statements
2. Evaluating successful program practices and outcomes to drive strategic plan advancement and correction
3. A board of directors that uses its influence to acquire resources (monetary and non-monetary) from the community
4. Strong financial management systems
5. A staff that has the skills needed to raise funds from institutional grantmakers (government, corporations, and foundations)
6. The development and active maintenance of long-term relationships with funders
7. The ability to make staff changes at all levels quickly in order to ensure high-quality programs and services
8. A willingness to revise the organization's strategic plan to improve programs and services
9. A vision-grounded, inspired, empowered, and motivated staff
10. Leaders who monitor of national, regional, and local trends that may affect funding.

Leadership is the key predictor of success of any investment in capacity building and is proving to be the heart of sustainability. According to TCC Group President and CEO Richard Mittenthal, leaders should be responsible for developing and communicating an organization's mission and vision and motivating employees to achieve organizational goals. The survey shows that leaders must enforce the efficient and effective use of financial resources, intentionally learn about what's working - and what is not - for those being served and display a willingness to make major changes. "Sustainability is not just about fundraising," states Mittenthal, "but strong, vision-centered leadership combined with intentional and formal learning practices, financial adaptability, and good sense."

"A nonprofit can best strengthen leadership by combining capacity building strategies such as peer exchange programs with a sophisticated set of assessment, program evaluation, strategic planning tools, and learning practices," adds TCC Group Senior Vice President and Director of Research Peter York. According to the survey, 28% of nonprofits that TCC Group surveyed perceive themselves to be "strongly sustainable" while 30% defined themselves as "challenged" with respect to organizational sustainability.

Following leadership, fundraising / financial management appear to strongly predict nonprofits' sustainability. York recommends nonprofits build fundraising capacity by using board members to engage the community to invest time and money with the organization. "The most successful nonprofits build long-term relationships with key funders and excel at raising funds from corporations, foundations, and the government. They do this by proving - not just promising - that what they are doing works," says York. Twenty four percent (24%) of nonprofits surveyed by TCC Group scored strongly with regard to fundraising skills.

The third most important capacity in predicting a nonprofit organization's sustainability is program staffing and management. This entails an organization's ability to immediately make the necessary staffing changes to improve services and program delivery (including hiring, developing, rewarding, and firing staff) and ensuring staff members have the knowledge and proper facilities to deliver those services. Only 14% of nonprofits taking the CCAT survey scored strongly on these sub-capacities.

In order to strengthen program management, York says nonprofits must emphasize training as well as facility planning and development. Key findings from the survey show that successful nonprofits engage internal and external stakeholders early in the planning process and implement strategic plans which lead to direct and measurable improvements in programs and services.

"Less than 25% of organizations taking the CCAT have the qualities found in the Sustainability Formula," says York. "Given these results, achieving financial stability is only possible in a sustainable way when viewed holistically as a leadership challenge that must focus on mission, vision, outcomes, and cost-effectiveness. It is our hope that by providing a context for sustainability, nonprofit organizations will continue to operate and benefit the individuals, families and communities that depend on their efforts."

*The Sustainability Formula: Analysis of a National Database of Nonprofit Organizations Surveyed Using TCC Group's Core Capacity Assessment Tool* by Senior Vice President and Director of Research Peter York is available at [www.tccgrp.com](http://www.tccgrp.com)

#### **About TCC Group**

Formed in 1980, TCC Group provides strategic planning, evaluation, grantmaking services, and program design and implementation to foundations, corporate giving programs, and nonprofits. Visit <http://www.tccgrp.com>. For more information on the CCAT visit <http://www.tcccacat.com>.

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