

THREADS

INSIGHTS

FROM THE

CHARITABLE

COMMUNITY

Opportunities and challenges identified during Threads, Independent Sector's coast-to-coast community conversations.



**INDEPENDENT
SECTOR**

Insights from the Charitable Community

Opportunities and challenges identified during Threads, Independent Sector's coast-to-coast community conversations.

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About Independent Sector

Independent Sector is the leadership network for nonprofits, foundations, and corporations committed to advancing the common good. Our nonpartisan coalition's networks collectively represent tens of thousands of organizations and individuals locally, nationally, and globally.

Our Vision & Purpose

We envision a world of engaged individuals, robust institutions, and vibrant communities working together to improve lives and the natural world, and strengthen democratic societies. To help create this future, we lead and catalyze the charitable community, partnering with government, business, and individuals to advance the common good.

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This report is about a remarkable journey

More than three decades ago, John Gardner, along with first CEO Brian O’Connell, founded Independent Sector to serve as a champion on behalf of the nonprofit and philanthropic community. As Independent Sector initiated a strategic visioning process two years ago, we sought to better understand how our world had changed since Gardner and his colleagues developed the blueprint for Independent Sector. In partnership with experts and a wide range of leaders, we engaged in an examination of the external forces that will play a role in shaping our future over the course of the next 20 years. Through this exploration, we identified nine key trends, which we anticipate will significantly impact the charitable community and our society in ways that cannot be ignored.

Armed with this knowledge, we wanted to share these trends with communities across the country, so that other organizations can use this body of work in their own planning. At the same time, we were keen to hear, firsthand, from communities about the challenges and opportunities they are facing today. Thus, the Threads community conversations were born to share the trends and capture insights to inform the charitable community as we move forward.

Our Threads initiative was integral to informing Independent Sector’s new vision, and was, in fact, the first manifestation of it. Embedded in this effort were three strategies that are core to Independent Sector’s vision: creating opportunities for nonprofits and foundations to engage in open and productive dialogue; opening lines of communication among those working locally, regionally, nationally, and globally; and sharing information broadly across the sector and with those in other sectors committed to improving life and the planet. Indeed, the term “Threads” was chosen to reflect the process of weaving diverse voices into a tapestry of shared experience and deepened understanding.

As we reached out to engage and partner with different communities across the country, we were energized by the depth of interest and positive response on the part of the diverse leaders with whom we connected. In city after city, community leaders and funders stepped forward to bring this conversation to life. We began to receive calls from individuals who had heard about Threads and wanted to convene conversations in their communities.

All told, 82 partners helped to convene 2,037 participants at 15 highly interactive events in 13 cities. Typically, Threads events were three-hour sessions. They began with Independent Sector providing an overview of the trends work and the conclusions we have drawn, which was followed by an opportunity for participants to share some of the challenges to achieving mission. “Bright spots,” examples of success and innovation, were also shared. Each Threads session concluded with a brief conversation about the ways in which a national organization, like Independent Sector, could bring greatest value to the sector in a rapidly evolving environment. (For a list of cities, a detailed event agenda, and methodology, see the Appendix.)

For each event, local partners shaped the invitation list. The majority of attendees were from nonprofits and foundations, but corporate and government leaders also took part. Many of the participants were senior professionals with deep experience in the sector – 31 percent were CEOs. There were also voices at the table with fresh perspectives, including Millennials and those coming to the charitable sector from other career paths. The success of the day depended on participants’ candor and insight – and they delivered.

In total, the project generated over 3,000 comments, reflecting a wide range of experiences and perspectives. This document is a summary of those insights. As such, the content within these pages represents voices from the field; it does not necessarily reflect Independent Sector’s view. In addition, while all comments included here were repeated across multiple Threads events, they have not been verified outside of those conversations. Our intent is to reflect only the perspectives of the Threads participants.

Our expectation is for Independent Sector to use the knowledge gained from this process to help determine future areas of focus. Our hope is that all who read these results consider doing the same. They offer a clear roadmap to the challenges members of the charitable community deem to be high priority and in need of repair. Independent Sector welcomes any comments or suggestions you may have once you have reviewed the report.

– The Independent Sector Team

Acknowledgements

We would like to thank the more than 2,000 nonprofit and philanthropic leaders, as well as colleagues from the corporate and government sectors, who participated in the 15 Threads community conversations across our nation. This document is a reflection of your experience and candor. Thank you for sharing your insights and for the work you do each day to strengthen communities and our natural world.

This effort would not have been possible without the generosity and support of our sponsors, local partners, and site hosts. These organizations – listed below – provided resources, community outreach, onsite support, and invaluable counsel regarding both the Threads initiative in general, as well as specific advice on the culture and concerns of their individual communities.

For the Independent Sector team, this was a journey and somewhat of an experiment. We learned so much from the process and from the participants, and we are deeply grateful to everyone who made this possible. The entire Independent Sector staff, led by President and CEO, Diana Aviv,¹ brought this project to fruition. The Threads team included three dozen Independent Sector staff and consultants directly engaged in session design, logistics, data analysis, and countless other aspects of this work. Thanks to those who endured the grueling travel schedule and who supported this effort from our Washington, DC offices.

THREADS PARTNERS

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Center for Nonprofit Management (Los Angeles, CA)	Goodwill Industries International, Inc.	Northwest Area Foundation	

1. The Threads initiative was conducted while Diana Aviv was President and CEO of Independent Sector. She has since concluded her tenure with Independent Sector.

Introduction

Our world is changing more rapidly than just about any time in memory. Like the rest of the nation, the nonprofit and philanthropic community is not immune to economic globalization, technological change, and other epic developments sweeping across the horizon. Change of this magnitude offers unparalleled promise for the charitable sector and the people we serve – if we take deliberate, proactive steps to build the future we desire.

Building that future will require us to meet a number of formidable challenges. Our world has become more deeply interconnected in positive, even breathtaking ways but, at the same, there are costs. When an economy thousands of miles away staggers and falls, other nations stumble as well. When a war surges across geographic borders, the victims of violence spill onto the shores of many nations. At home, we face our own set of king-sized difficulties. The hallmarks of American democracy – fairness, social mobility, inclusion – seem to be under threat. We have a political system that many consider fundamentally broken, even as a new political cycle unfolds. Political polarization is rampant – and the political middle ground feels increasingly elusive. As the wealth gap widens, opportunities to secure decent work, raise the standard of living, and create a better future for all children seem more distant.

This environment, and the uncertainties it breeds, will place ever more pressure on the nonprofit and philanthropic community. Demand for services will rise. The mantra of “do more with less” may only become louder, as we strive to fill gaps in the eroding social safety net. We expect lawmakers to continue to scrutinize the tax structure governing our sector in search of revenue and in light of the national debate over the proper roles of government, business, and the charitable sector.

Despite such challenges, Independent Sector believes that collective action by the charitable community can make a real difference and bring about change. If we tap our shared dreams and unlock our combined power, we have a chance to shape a brighter future for our sector, our society, and our world. This initiative reflects an intentional step in that direction. Specifically, we sought to assess whether our sector is keeping pace in a world operating at hyper speeds, and if not, ask what collectively we could do to adapt and accelerate impact. We also wanted to evaluate current practices to ensure we are making a real difference, and, if not, ask how we can work differently.

During the spring and summer of 2015, Threads community conversations provided an opportunity for nonprofit and philanthropic leaders across the country, as well as their colleagues in government and business, to respond to these questions and more. Participants contributed insights related to trends, challenges, and ways in which to address the issues we face. The comments were wide-ranging and created a mosaic of what it means to be working in the sector today.

The clear message as a result of the feedback was that sector organizations must adapt to the changing environment. We must retool our individual and collective approaches if we are to have the impact we seek. The pages that follow are an exploration of some of the key issues we must address in order to make the charitable community stronger and more resilient, so that together we can better respond to both challenges and opportunities today and in the future.

CONVERSATIONS

Building institutions requires different skills than creating movements. How can we support both?

SOCIETY-LEVEL

TRENDS AND

CHALLENGES

SOCIETY-LEVEL TRENDS AND CHALLENGES

Understanding the forces that will shape our society in the coming decades is critical to the future of the charitable community. As organizations strive to achieve ambitious missions, each must decide how they will respond to a complex environment changing at unprecedented speeds. The options are to attempt to influence it, adapt to it, or ignore it. For most organizations, the first two options require significant change; choosing the last would risk receding into irrelevance over time. As part of its strategic visioning process, Independent Sector identified a series of nine trends we believe will affect our society in profound ways over the next 20 years. A list of these trends appears on the following page.

The trends reflected three different types of developments. The first type were global forces that have already been unleashed. Given current trajectories, their influence is likely to deepen over time. The second type was related to the context for pursuing social impact. These emerging practices reflect the changing nature of where, how, and by whom social change is achieved. The third and final type involved U.S. federal government resources and public policy development. These issues were framed as questions because their trajectories are not yet clear. While many of these issues are familiar, their individual and cumulative impact on the sector is, as yet, not widely understood.

In large part, Threads participants affirmed the trends as presented. Without exception, each city underscored the importance of understanding and responding to the shifting demographics in American society. Racial and ethnic diversity were always the primary concern, but religion, generational differences, and LGBT issues were also mentioned. Participants readily admitted to a fascination with swarms (massive self-organized networks) and offered more questions than answers, including: What impels

a swarm? What is their relationship with social change organizations? Can organizations harness the power of swarms? This emerged as an area in clear need of further study and experimentation.

There was pushback worth noting on two trends in particular. First, participants across several cities suggested that inequality and environmental degradation be separated into their own categories to better reflect the magnitude of each and the differences between them. In addition, participants in several cities felt that any mention of technology must acknowledge explicitly the extent to which it can spread misinformation and exacerbate, or create, divides within communities. While technology has the potential to democratize access to information and increase communication across diverse audiences, its net effect is considerably more complex.

As the Threads agenda shifted from trends to challenges, one-third of the participants in each session worked in groups to articulate the most important society-level challenges facing our communities and our sector. Clear themes emerged from across the country, some of which echoed the earlier conversation regarding the nine trends. Participants overwhelmingly cited inequality as the most pressing society-level challenge. There was also significant focus on the interrelated themes of government inadequacy, the state of our democracy, and the deteriorating social compact. These reflections on our current environment paint a sobering picture of the challenges that lie ahead.

CONVERSATIONS

We must encourage the development of new leaders and new voices.

Nine Key Trends Affecting the Charitable Sector²

THREE ASSUMPTIONS ABOUT NATIONAL AND GLOBAL-LEVEL FORCES

1

Disruption from inequality and environmental degradation

2

Greater ethnic diversity and new generations of leadership

3

Technology transforming learning, gathering, and associations

THREE ASSUMPTIONS ABOUT THE CONTEXT FOR PURSUING SOCIAL IMPACT

4

Swarms of individuals connecting with institutions

5

Business becoming increasingly engaged in social and environmental issues

6

New models for social welfare and social change

THREE CRITICAL UNCERTAINTIES ABOUT GOVERNMENT

7

Will there be a resurgence of the public's voice in policymaking?

8

Will the primary focus for policy development be at the local or national level?

9

How will government balance competing priorities and revenue pressures?

2. The trends were developed over an 18-month period by Independent Sector and our partners at Monitor Deloitte through a process of deep research and consultation that included, among others, the 23 nonprofit, foundation and corporate leaders who served on Independent Sector's Strategic Planning Ad Hoc Group. A full description of the nine trends is in the Appendix.

CONVERSATIONS

Millennials move around. How can nonprofits support and see the value of their flexibility and energy?

FROM THE FIELD

Society-Level Challenges

- 1. Pervasive Inequality:** Threads participants cited profound economic disparity and structural racism as distinct but inextricably linked concerns. Pervasive and crosscutting, these issues have deep implications across housing, healthcare, education and workforce preparation, incarceration, and economic mobility, among other areas of focus. There was widespread agreement that economic inequality is growing, as are the needs of these communities, which in tandem will continue to have a significant impact on the sector.
- 2. Dysfunctional Government:** Attendees perceived government, particularly at the federal level, as a part of the problem rather than the solution. Partisan gridlock, ineffective structures, and budget restrictions, they noted, have contributed to a status quo that fails to meet community needs.
- 3. Democracy in Peril:** Our American democracy was seen as at risk and fraying at the edges. Participants reinforced our assessment that power and privilege have played an outsized role in policy development, as money has had a profound impact on democratic structures and individual policymakers. At the same time, the American electorate was viewed as not adequately performing the roles required to support a robust democracy, citing a host of issues, including low voter turnout, declining civic engagement, a general lack of understanding of important issues, and sporadic grassroots mobilization. Moreover, many lamented that ideological polarization has stalled productive debate in the public square and among policymakers.
- 4. Technology, Communications, and Information Overload:** Threads attendees mentioned the 24/7 barrage of information, noting that technology has increased the quantity, but not the quality, of information. Mass media increasingly lacks rigorous reporting, which contributes to a public that is ill-informed on a wide range of issues. Current communication vehicles, they said, enable people to become insular, surrounded by like-minded communities.
- 5. Weakening Social Compact:** We have witnessed a transfer of risk from society to individuals, said many Threads participants. Areas where responsibility is shifting to individuals include government and corporate pensions, safety-net services, and affordable higher education. Reinforcing this dynamic, they believe, is a cultural norm that values individualism over the common good. As government moves away from funding basic services, it assumes in some cases that the philanthropic community will fill the gap. Given the modest size of philanthropic coffers as compared with those of government, this is not likely to happen. In this context, the fundamental roles of the public, private, and nonprofit sectors are shifting and unclear.
- 6. Fragmentation of Society:** Threads participants overwhelmingly agreed that American society is divided by race, economic status, age, worldview, and political ideology. Social structures and norms, technology, and communications often deepen, rather than bridge, these barriers.
- 7. Distrust of Institutions:** Attendees described the public's growing distrust of institutions. People are becoming more skeptical of government, business, and charitable organizations, they said, due to institutions' lack of responsiveness, poor results, or a perceived lack of integrity.
- 8. Volatility of the Economy:** The volatility of the economic system, noted many, will continue to pose a significant threat to the public and the nonprofit sector. Indeed, many people and organizations have not recovered fully from the recent recession. Trends related to the economy, employment, housing, and other industries have a "tectonic" impact on the need for, and revenue of, the nonprofit sector. The weakening social compact, described above, will play a significant role in how these economic issues will affect daily lives.

CONVERSATIONS

Issues of structural inequality in our society are overwhelming.
How do we start to address them?

CHALLENGES

FACING THE

CHARITABLE

SECTOR

CHALLENGES FACING THE CHARITABLE SECTOR

Threads participants were invited to answer the following questions:

What challenges are holding back the sector at large?

What obstacles must the sector surmount to thrive in years to come?

Over 1,000 answers were recorded across the country reflecting the diverse experiences and perspectives of Threads participants. Nonetheless, the major themes that emerged from each individual Threads event were remarkably similar. Challenges at the sector-level include the following:

- **Vision and Strategy**
- **Funding-Related Practices and Relationships**
- **Operations, Capacity, and Governance**
- **How Organizations Relate to Each Other**
- **Sector Workforce and Talent**
- **Diversity and Inclusion**
- **Engagement with Stakeholders**
- **Communication and Branding**
- **Cross-Sector Concerns**

Across the board, attendees identified the primary challenge related to each issue, and at times offered an explanation of its causes and impacts, which were often unintended. For example, participants suggested that the lack of diversity among sector leaders was related to a general lack of cultural competency in communications and programming within organizations, in addition to limited outreach to diverse audiences when recruiting for new hires. They also underscored the notion that each of the nine themes above had important implications for individual organizations and the sector at large. Many of their comments placed organizational-level

challenges within the context of the larger ecosystem, noting that most issues – such as collaboration or capacity building – were exacerbated by existing structures or the way incentives drive how we work. For example, participants noted that the lack of collaboration in the sector was, in part, perpetuated by organizations competing with each other for funding. The implication of these comments was clear: organizations must continue to find ways to overcome the hurdles they face, but sustainable success will require sector organizations to come together and shift the status quo.

While many of the insights offered across the Threads gatherings were similar, the tone in different cities varied greatly. For example, in some cities, comments describing issues related to race and ethnicity were direct and assertive, even combative, while others were more circumspect. At two events, participants were so deferential to grant makers, that we asked nonprofits to stop thanking their funders at every opportunity. A few cities later, nonprofits' public gratitude toward funders was replaced by a manner bordering on hostile. Based on written comments from small group discussions, it's clear that there was tension between grant makers and grant seekers in both cities, regardless of the tone of the public conversation. The combination of public discussion and written comments across cities provided the opportunity to better understand how many of these issues manifest across the sector.

CONVERSATIONS

To its own detriment, our sector is very territorial.

FROM THE FIELD

Challenges Facing the Charitable Sector

1. **Vision and Strategy:** Participants noted that sector organizations should improve how they approach their work in order to yield greater outcomes. They suggested organizations embrace long-term time horizons, use a solutions orientation, and be intentional about learning and pursuing innovation.

- A. **Think bigger!:** Participants opined that the nonprofit and philanthropic sector must think big in order to achieve the change it seeks. Organizations need to move beyond a culture of fear, defensiveness, and reluctance toward a position that taps experience, influence, and potential power. Leadership within the sector must drive this process – and must be deliberately inclusive of the communities and diverse voices the sector seeks to serve.
- B. **Benefits of being solutions-focused:** A solutions-focused approach can help to catalyze change, solve root causes of complex problems, and help to balance the sometimes inconsistent expectations of funders and the community.
- C. **Need long-term, systems orientation:** Participants noted that complex, entrenched issues require long-term, holistic approaches. Sector organizations need a sharper focus on strategic, systems-level change, which often requires multiple partners and sectors. Moving beyond band-aid approaches is critical, as is engaging in public policy advocacy.
- D. **Sector’s inability to navigate innovation and risk:** The sector is too comfortable with the status quo and with “deeply embedded orthodoxies.” Fear of risk gets in the way of innovation on the part of funders and the high costs of failure inhibit change for nonprofits. It is important to acknowledge that adaptation is necessary and expensive. Participants underscored the need to work proactively towards a rigorous balance between old ideas and innovation, keeping only the most successful elements of each.
- E. **Need for greater understanding and learning:** Threads attendees urged sector professionals to better understand the problems they seek to solve. This includes working with communities to identify the right questions and gather meaningful information before moving to action. Put simply: listen more, talk less.
- F. **Pitfalls of impact and measurement:** What an organization chooses to measure should be an important reflection of its vision and approach, said Threads participants. Participants noted that programs and strategy outcomes are often difficult to measure because they are qualitative or long-term. As a result, many sector organizations don’t have consistent and meaningful metrics, data collection, or evaluation models. Participants lamented that the reporting their funders require seems to be a waste of capacity that, moreover, undermines emphasis on long-term results in exchange for short-term gains. There is agreement across the funder and grantee communities that it is critical to measure impact and communicate those results broadly.

CONVERSATIONS

Our sector has an image problem. The public’s perception is that we are soft and ineffective.

FROM THE FIELD: Challenges Facing the Charitable Sector

2. Funding-Related Practices and Relationships: Numerous comments focused on shortcomings of the current funding models, including challenges many organizations face in obtaining adequate funds and unintended consequences (such as competition among nonprofits), precipitated by current funding practices. They also noted the need for better communication between grant makers and grant seekers.

- A. Lack of funding/difficulty securing adequate funds: There is a general perception among Threads participants that funding is scarce and difficult to secure and, as a result, organizations don't have enough resources to do their work well. Nonprofits describe the priorities and decisions of funders as "fickle" and "mercurial," which renders fundraising time-consuming, difficult, and unpredictable. The sentiment was captured well by one participant who described having to apply for funding from the same foundation every year when the funder might have saved the nonprofit a lot of time and expense by providing a multi-year grant instead. Many nonprofits worried that a number of funders are moving away from areas they have supported in the past, further compounding existing funding pressures.
- B. Funding structures incentivize counterproductive practice: Participants felt that current funding models perpetuate practices that have a negative impact on organizations' and the sector's ability to achieve their goals. These practices include: risk aversion and fear of failure; relationships among organizations defined by competition for funds (rather than collaboration); demand for quick/tangible results leading to short-sightedness on issues where long-term approaches are necessary; support for new fads at the expense of ongoing/successful work; and mission creep as an outgrowth of chasing after funder interests.
- C. Strained relationships between funders and nonprofits: The imbalanced power dynamic between foundations and grant seekers often results in nonprofits reacting to foundation preferences and priorities rather than foundations responding to grant seekers. Nonprofits report that the process of securing funds wastes staff (and volunteer) time, too often devalues the expertise of organizations, and requires grantees acquiesce to foundation demands at the expense of being responsive to stakeholder experiences. Nonprofits perceive some funders as "overly directive" and simultaneously unable to relate to the target communities, a combination that leads to resentment of funders. In addition, there is frustration when foundations, in the words of one participant, "force nonprofits to engage," in unproductive exercises to measure outcomes that the funders deem important even when the nonprofit believes that measurement of its impact should be differently focused. In general, Threads participants reported a "lack of trust and communication" among the parties. There were calls to increase communications between the parties outside of particular funding opportunities to help mitigate some of these issues.
- D. Shifts in funding models and strategy: Participants acknowledged the need for new funding models and strategies, noting that change is already underway. Some nonprofits are concerned that the push to earn revenue can lead to mission drift. Others talked about their interest in accessing donor-advised funds. At the same time, nonprofits are honing strategies to secure traditional foundation funds, including leveraging boards of directors in new ways and pitching broad, systemic approaches in the hopes that such approaches will lead to new funding opportunities and partnerships. Some nonprofits worry that they lack knowledge and skill sets to refresh their current strategies for the changing environment and pursue new forms of funding.

CONVERSATIONS

There's been a movement toward great collaboration from funders but, incentives and the infrastructure to collaborate are not always there.

FROM THE FIELD: Challenges Facing the Charitable Sector

3. Operations, Capacity, and Governance: From the need for greater administrative capacity to improved governance, Threads participants described a widespread under-investment in operations. They also noted the sector's general lack of sophistication related to technology.
- A. Lack of organizational capacity: Lack of capacity is an obstacle to success for many nonprofits and, by extension, for the sector at large. Barriers to capacity building include lack of resources available for administrative/operational needs and strong disincentives for investing in overhead (rather than investment in program activities). All of these challenges, participants believe, threaten organizations' abilities to be nimble, adapt to change, and achieve their goals.
- B. Need for new organizational models: Many nonprofits and foundations are operating with organizational structures and revenue models that are decades old. There is a need for new operational and business models to reflect the changing environment. This includes models with diversified funding sources and new methods of engaging stakeholders. Going forward, all organizations must learn to adapt, balancing old structures with new practices to maximize impact.
- C. Opportunity for better systems across the sector: Threads participants noted that the charitable sector would benefit from additional structures that facilitate communication and information sharing across organizations, as well as vehicles through which organizations can come together to share, plan, and align action. Once in place, these support systems should be described and shared so that staff, volunteers, and boards know what's available.
- D. Ineffective board governance: Participants lamented that underperforming, weak boards can threaten organizational effectiveness. Many boards need a better understanding of their roles and responsibilities, including areas like financial management and fundraising. Some underscored that, all too often, there is a lack of trust, confidence, and/or communication between boards and staff. The sector needs better ways to identify, recruit, and train talented and diverse board members.
- E. Difficulty achieving growth and managing scale: In general, lack of collaboration among organizations and insufficient funding from government and foundations leaves little opportunity to scale, said participants. If it is achieved, they said, scaling places new demands on leadership and the workforce, and renders innovation and quality more difficult.
- F. Behind the curve on technology: In general, sector organizations are not keeping pace with technology. Often, there is a lack of capacity and sophistication around understanding the potential uses of technology, as well as its threats (i.e. cyber-attacks).

CONVERSATIONS

Due to ineffective structures, organizations are focused on service delivery instead of affecting change.

FROM THE FIELD: Challenges Facing the Charitable Sector

4. How Organizations Relate to Each Other: In every city, Threads participants lamented the lack of collaboration among sector organizations. They noted that competition, rather than communication, often defines relationships among nonprofits.

- A. Lack of collaboration among sector organizations: There was a near-universal consensus on the lack of collaboration among sector organizations and that this significantly limits the sector's impact. The most often cited reason for this is a funding environment that creates competition among organizations, rather than communication and collaboration. Several other barriers were mentioned that stand in the way of collaboration:
- The landscape of the sector is defined by silos and barriers, including divisions between organizations working in different subject areas (such as the arts, environment, or healthcare), in different geographic regions, and with different populations. Participants suggested that there needs to be more communication and activity across organizations to create an environment more likely to seed collaboration.
 - Working with other organizations takes time and money, especially at the start, which many organizations lack. There is also a dearth of structure, incentives, and support for organizations to embark on this path.
 - There is a significant tension between an organization's focus on its individual mission and the compromises necessary to commit to a group goal. Some participants noted that staff and boards alike often see their primary responsibility as advancing an organization, rather than an issue. In this context, the decision to compromise and to partner may appear illogical.
- B. Counterproductive competition: To its detriment, the sector is territorial. Sector organizations compete with each other for turf and credit on complex issues that require multiple partners to solve them. The dynamic creates a negative impact that prevents organizations from communicating and working together.
- C. Need for greater communication and alignment: Sector organizations could make significant progress in communicating and aligning around shared goals (without needing to establish formal collaborations). Participants said they see the need for structures that allow them to share information, cross-pollinate ideas, identify big shared/overlapping goals, and align action where appropriate. Such practices would increase their understanding of complex issues and solutions, and increase their individual and collective impact.
- D. Too many nonprofits, too much overlap in the sector: Some Threads participants asserted that there are too many nonprofits in the sector. The lack of coordination among them leads to duplication of effort and inefficiencies.
- E. Resistance to mergers: Sector organizations are generally resistant to consolidation and mergers. Some participants believed that this resistance can be counterproductive because consolidating can lead to improved alignment and coordination within particular fields and help achieve higher economies of scale.
- F. Concerns of small nonprofits: The majority of sector organizations are small in size, and face hurdles delivering on their missions. Small organizations can be consumed by day to day operations that limit their ability to keep abreast of, and adapt to, big picture trends. Many small organizations report difficulty competing with their larger counterparts for funding, being excluded from important conversations about issues and the future, and experiencing an unequal power dynamic when partnering with larger groups. These issues can contribute to ongoing tension between large and small organizations.

CONVERSATIONS

Big data does not equal big understanding.

FROM THE FIELD: Challenges Facing the Charitable Sector

5. Sector Workforce and Talent: Recruiting and retaining diverse, talented staff emerged as a major challenge for Threads attendees. They called for new strategies for attracting potential employees to the sector and increased professional development for existing staff.

- A. Inadequate talent pipeline and recruiting: Attendees felt that they need new, creative ways to attract diverse talent to the sector. This includes conveying better information about the value of the sector with the broader public and prospective (especially young) employees, knowing that other sectors are entering the “doing good” space and competing with the sector for talent. In some cases, young people and others don’t know how to break into the sector, so outreach and doorways into sector jobs must be improved.
- B. Need for increased talent development and retention: There is widespread agreement that professional development and support for the sector’s workforce is lacking. This results in high turnover, poor management practices (as a result of lack of training and support for managers), and threats to organizations’ ability to achieve their potential impact. The need to keep staff engaged and inspired is especially important for the frontline, low-pay, high-burnout roles within the sector. This area is especially ripe for regional or sector-wide approaches to talent development that could ease the burden on individual organizations.
- C. Need to better support and develop leaders: Leadership development is viewed as a critical aspect of the sector’s talent management strategy and needs more deliberate attention. Threads participants noted a need to develop a deep bench of talented, diverse leaders who can provide vision and create strategy worthy of the sector’s potential. This entails significant investment in long-term support for leaders.
- D. Negative impact of low compensation: Low compensation is widely perceived to be a significant hurdle in attracting and retaining talent in the sector. In many cities, individuals cannot live on average nonprofit salaries. Debt burden from student loans, financial needs of young families (such as childcare), and other responsibilities prevent individuals from choosing and staying in the sector. Some organizations are frowned upon for using competitive compensation as a strategy for keeping high quality staff – this culture must change if the sector is to succeed.

6. Diversity and Inclusion: Participants suggested that sector organizations should pay greater attention to diversity and inclusion, particularly along racial, generational, and socio-economic lines.

- A. Lack of racial/ethnic diversity and inclusion: Threads attendees broadly commented on the lack of diversity in the sector. Many believed that organizations need to develop cultural competency related to communications and program development, noting that many messages and activities should be redesigned to be relevant to today’s diverse audiences. There were calls for the sector to acknowledge and address institutional racism in society and personal prejudices within their own staff and organizations. As part of this work, the sector would be well-served by ensuring its leadership and workforce better reflect society at large and the particular communities it serves.
- B. Need to address generational differences: Nonprofits must do a better job at managing the differences between Baby Boomers and Millennials. Preferences, practices, and experiences differ across these generations and are evident within organizations and in how organizations relate to external constituencies. Creating room for and supporting Millennial

CONVERSATIONS

The majority of nonprofits are in survival mode. We don’t really know what works.

FROM THE FIELD: Challenges Facing the Charitable Sector

talent, keeping Boomers engaged and connected to the changing environment, and enabling organizations to understand and manage tensions are necessary strategies for stability within organizations that can lead to increased success.

C. Lack of socioeconomic diversity: Some Threads participants noted a lack of socioeconomic diversity in certain segments of the sector because their salaries are modest at best and many low-income people can't afford to work in the sector unless they come from support systems that

enable them to accept low wages. This undermines organizations' success, especially when working with low-income populations.

7. Engagement with Stakeholders: Threads participants called on sector organizations to rethink how they related to stakeholders, and encouraged more partnerships with them to identify problems and create solutions.

A. Need to engage stakeholders meaningfully: Sector organizations should do more to engage and develop leadership in the communities with which they work. Traditionally, said some, the approach of the sector has been to serve communities within a paternalistic frame –

“do to you” and “do for you.” A shift needs to be made to work with communities – “do with you.” This requires including stakeholders in all aspects of the work, including leadership and decision making related to setting the agenda and crafting the solutions.

B. Engaging individuals: The sector should renew its focus on engaging volunteers, donors, voters, and the public at-large in its efforts to improve lives and the natural world.

8. Communications and Branding: Communications was lifted up as an underutilized strategy in the sector. Threads participants suggested that the sector at large and individual organizations have much to gain by focusing on effective messaging and marketing strategies.

A. Define and communicate the brand of the sector: Many Threads participants believed that the sector “has an image problem.” They note a lack of awareness about our critical role in society and civic life, and the widespread perception that sector organizations are soft, ineffective, and don't contribute to the economy. The term “nonprofit” contributes to the sector's poor

branding. Addressing this problem benefits the sector and individual organizations in many ways, including by helping to educate potential job applicants, donors, and cross-sector partners.

B. Prioritization of organizational-level communications: Sector organizations would do well to prioritize and invest in

communicating more effectively with external audiences. Organizations tend to lack expertise and capacity in this area. They would be well-served by framing compelling stories about themselves and the sector an expanding their reach to broader, more diverse audiences.

CONVERSATIONS

Funders' obsession with logic models and evaluation has forced nonprofits to produce creative fiction.

FROM THE FIELD: Challenges Facing the Charitable Sector

9. Cross-Sector Concerns: Threads participants generally reported a lack of communication and engagement with the government and corporate communities.

A. Transactional and reactive relationship with government: The relationship between the nonprofit sector and government is multifaceted. Increasingly, government funding does not cover the costs to deliver programs and services, which creates problems for nonprofits. Participants asserted that government regulation also creates burdens and can have significant impact on programs and operations. In addition, compliance requirements often differ by state. Some sector organizations believe that the sector must increase public policy advocacy activities, as well as efforts to communicate and partner in more meaningful ways with all levels of government. There is a widespread belief that relationships between government and the sector are transactional and that more meaningful dialogue and partnership would benefit shared goals.

B. Lack of relationship with business: People noted that typical sector organizations do not have meaningful relationships with business, even though many acknowledge that positive society-level change would require cross-sector collaboration. Generally, there is a lack of understanding and communication between the two sectors – many nonprofits report that they simply don't know how to approach or partner with corporations. At the same time, some members of the corporate community are moving into the social good space. Nonprofits report that corporations most often pursue their work in this area without community partners. In response to this trend, some nonprofits seek to partner with business, while others adopt a competitive “us versus them” mentality.

CONVERSATIONS

There's a lack of cultural competency. Nonprofit staff are not as diverse as their audiences and lack the competence necessary to deal with income and racial diversity in the community.

SOLUTIONS TO
CHALLENGES
FACING THE
SECTOR

SOLUTIONS TO CHALLENGES FACING THE SECTOR

The original Threads agenda included discussions about trends, challenges, bright spots, and Independent Sector's role. As we moved through the early sessions, it became clear that participants had more to say. They wanted to talk about solutions. After rich conversations about what is not working in our sector, they wanted to share insights about how to improve practice and catalyze change. Starting with Threads Minnesota (the sixth of fifteen events), participants generated potential solutions to what they perceived to be the most critical challenges facing our sector.

Many of the solutions offered were crosscutting and surfaced as antidotes to multiple challenges. Indeed, rather than offering specific tactics related to

a particular issue, most recommendations provided thoughtful approaches to the work. Their tone generally reflected impatience with the status quo. A number of participants noted that some of these ideas are not new, but have yet to be widely implemented. They suggested that strong leadership lies at the core of each of these solutions. One group argued that our sector's future relies on leaders having "the courage to start the conversation" about these issues and the patience to see it through.

In the aggregate, a framework for success in today's environment emerged.

FROM THE FIELD

Solutions to Challenges Facing the Sector

1. Develop new norms: Organizations must define the skills and culture needed to succeed in today's complex, quickly changing environment. Threads participants noted that this will involve moving staff and boards "from a comfort zone to a learning zone," and providing support as they experiment and test new approaches. Achieving such cultural shifts may also require a different composition of organizational players including, for example, more diverse staff, community members on nonprofit

and foundation boards, or Millennials in decision-making roles.

2. Create open dialogue: Threads participants mentioned the need to overcome communication barriers at multiple levels: between organizations in the sector; between nonprofits and community stakeholders; between grant makers and grant seekers; and between sector organizations and both business and government.

Communication must be authentic, multi-directional, and geared towards creating ongoing relationships and trust. Participants underscored the importance of ensuring the right people are at the table: be inclusive with regard to who is invited and be thoughtful about how the conversation is framed. Create space for candor from all players and invite stakeholders from different perspectives to test assumptions.

CONVERSATIONS

Nonprofits don't think big enough when advocating for and requesting resources from government.

FROM THE FIELD: Solutions to Challenges Facing the Sector

3. **Right-size and co-design solutions:** From the start, acknowledge the magnitude and complexity of problems being addressed. Doing so, noted participants, would help inspire bold projects that involve multiple players and a long-term time horizon. Work across organizations and stakeholder groups (including funders, community groups, and cross-sector partners) to define problems and develop thoughtful solutions. Start with coalitions of the willing and work together to find common purpose, clarify roles, harness resources other than money (e.g., expertise and relationships), and coordinate gaps and overlap in proposed approaches. Align well-defined, broad measures of success and specific benchmarks that can be used as triggers to reflect on progress and refine strategies. Because most projects depend heavily on having adequate resources, a critical early step must be to develop, in partnership with funders, funding plans and business models to support the work over a multiyear timeline.
4. **Share insights and lessons:** Cross-pollinate ideas by lifting up successes and failures. To do so, Threads attendees suggested publishing demonstrable practices, telling stories, and sharing data across organizations. They called for the development of structure across the sector that could widely distribute written (and multimedia) materials. Equally as important was convening members of the sector to engage in conversations about challenges, lessons learned, and innovative practices.
5. **Build systems to support the sector:** Participants saw the need to pool resources and create structures to implement those activities that organizations lack or cannot provide alone. These might include developing new business models, providing professional development, and creating networking opportunities. In addition, they called for better lines of communication between national and local actors, and across regions, so that organizations in different communities can learn from each other. Some said that currently, many organizations don't fully realize the full scope of resources available to them.
6. **Advocate for policy change:** Threads attendees wanted to better educate boards, donors, staffs, and communities about the importance of public policy in achieving systemic change. They also saw the need to invest in understanding how policy change happens, especially at the local level, and join coalitions and trade associations advocating for issues your organization supports.
7. **Communicate the value of the sector:** Help members of the public, corporate sector, government, and the staff and board of our own organizations, better understand the valuable work done by the nonprofit and philanthropic community. Threads participants wanted to improve the brand of the sector and support individual organizations in communicating it across their own networks and with the media. Increasing the awareness of the sector may help to catalyze cross-sector partnerships, educate donors, recruit new staff and volunteers, and inspire existing talent to stay in the sector.

CONVERSATIONS

It's challenging to balance the needs of community with the expectation of donors.

BRIGHT

SPOTS

BRIGHT SPOTS

Capturing examples of success and innovation across the sector was an important goal of the Threads initiative. Threads participants lifted up myriad stories of organizations and projects that spanned subject areas and varied in scale. Stories included community-based direct service programs, public policy successes, and efforts to address a host of issues from education to homelessness to climate change. Collectively, these stories reflected the depth and breadth of the work of the charitable sector.

Specifically, Threads participants were asked to identify initiatives with demonstrable impact that involved multiple stakeholders. This request generated successes that included coalition and cross-sector approaches. In addition, many challenges and solutions identified earlier in the respective Threads events are reflected in these examples. While there was no single formula for success, bright spots often included a combination of the following:

- Strong leadership
- Strategies that reflect new insights or have been retooled to meet changing needs
- Innovative thinking that reimagines old practice and excites partners
- Clear goals and benchmarks to drive progress
- Approaches that brought together different areas of practice, such as a Massachusetts coalition that connected land conservation and affordable housing
- Deep engagement with a target audience or other community stakeholders
- Partners taking on nontraditional roles, such as corporations contributing to outreach for an Earned Income Tax Credit coalition
- Public policy advocacy at the state or federal level

Some Threads attendees reported difficulty with this portion of the agenda. Several worksheets from group discussions were left blank or returned with comments such as, “we struggled with identifying bright spots.” Some attendees suggested that this struggle reflected a twofold challenge in our sector. First, we need to improve at identifying and articulating stories worth telling. Indeed, some argued that the sector is filled with untold success stories of all types. Second, we need better vehicles for sharing these stories across organizations, as well as with the public and other stakeholders. It is also worth noting that during the early Threads conversations, when participants were invited to offer bright spots, many volunteers described the good works in which their organizations were involved. Once pressed to describe “needle moving change” with multiple partners, examples emerged that clearly demonstrated impact.

This section presents a sample of bright spots shared by Threads participants across the country. The range of stories is intentionally diverse in order to showcase different approaches to solving problems across varied fields of practice and geographies. Our aim is to help fuel conversations about what works in the sector, and we encourage organizations to borrow lessons and inspiration from these successes to further their own goals.

CONVERSATIONS

It's critical that we work to keep the staff on the front lines excited, hopeful, and engaged.

FROM THE FIELD

Bright Spots

1. **Americans for the Arts, National:** For more than half a century, Americans for the Arts has championed the arts and arts education. It has positioned art as a critical element of economic development, is behind no-nonsense research about the importance of art in education, and has secured public funding for the arts, even in difficult climates at the federal and local levels. Key strategies have included building deep relationships with the likes of corporations, the military, and nonprofits outside of the arts community. It serves the nation's 5,000 local arts agencies, and also has a grassroots network of 300,000 ready to communicate with policymakers at any level who don't see how important art is to our national identity and to our local communities.
2. **Anti-Recidivism Campaign, Los Angeles, CA:** ARC improves reentry outcomes for formerly incarcerated individuals through a combination of direct support and policy advocacy. Recent policy successes include several bills that reduce incarceration and increase investment in rehabilitative programming for incarcerated individuals. Formerly incarcerated individuals drive ARC's programming and advocacy to ensure relevance of services, and include the perspectives of this population in policy and stakeholder decisions. ARC recently developed an innovative supportive housing model with the California Community College System to provide housing, educational support, trauma counseling, financial literacy training, and other programming to formerly incarcerated individuals. ARC is currently looking to expand this model.
3. **The Community Preservation Act (CPA), Massachusetts:** Since it was passed in 2000, cities and towns across Massachusetts have raised over \$1.4 billion dollars for CPA projects, including: preserving 21,000 acres of open space; funding 3,600 historic preservation projects; creating or supporting 8,500 new affordable housing units; and approving 1,250 outdoor recreation projects. CPA owes its success to a broad coalition of nonprofits and their members. The idea began as a land conservation bill driven by The Trust for Public Land, Massachusetts Audubon Society, and The Trustees of Reservations, but came to fruition only after historic preservation and affordable housing organizations joined and the focus was broadened to encompass these issues.
4. **Detroit Grand Bargain, Detroit, MI:** Foundations were joined by the state of Michigan and the Detroit Institute of Arts in raising \$816 million to secure the city's prized art collection and provide the funds to cover part of the city's pension shortfall. The deal, called "the Grand Bargain," was seen as the linchpin in Detroit's bankruptcy case. It was made possible by the clear vision of U.S. District Judge Gerald Rosen and the leadership of over a dozen regional and national foundations that came together to leverage private and public resources in the city's hour of need.
5. **Feeding America, National:** The Feeding America network of 200 food banks achieved its strategic goal three years ahead of schedule by providing 3.6 billion meals to families in need annually. Key strategies include partnerships with farmers and retailers that allow members of the Feeding America network to rescue millions of pounds of produce and food that would otherwise be wasted, a sophisticated distribution system, and deep partnerships across the nonprofit, government, and business sectors. Feeding America has also invested in research to better understand and engage the public in solving hunger – and has contributed to public policy at the federal, state, and local levels.
6. **Get Healthy Philly, Philadelphia, PA:** Childhood obesity has decreased by 6.3 percent since 2006. Much of this success is attributed to Mayor Michael Nutter's "Get Healthy Philly" campaign, which is run through the city's Department of Public Health and relies on a network of cross-sector partnerships, including nonprofit service providers and funding from private foundations. Projects range widely from reducing tobacco use to filling vending

CONVERSATIONS

As the speed of information sharing continually increases, there isn't enough time to deeply consider responses.

FROM THE FIELD: Bright Spots

- machines with healthy options to creating 30 miles of new bike lanes. The program has also tackled improving nutrition in schools and access to healthy choices in “corner stores” and farmer’s markets.
7. Goulougo Triangle Ape Project, Republic of Congo: In 1999, the Goulougo Triangle Ape Project (GTAP) formed to protect great ape habitat. Its efforts led to the annexation of the Goulougo Triangle (120 square miles of pristine forest) into a national park as well as the adoption of more eco-friendly, sustainable practices by timber companies. Its success is due, in large part, to its relationships with the government of Congo, timber companies, and myriad nonprofits. In particular, it has shifted its relationship with timber companies from adversaries to trusted allies through open dialogue and customized information that helps companies make eco-friendly decisions.
 8. High School Graduation Rates, Spokane, WA: Graduation rates in Spokane high schools shot up from 60 percent in 2008 to 83 percent in 2014. Spokane’s public school district (Spokane Public Schools) achieved this through several initiatives, including its “On Track Academy.” The initiative gives students a second chance to earn missing credits required to graduate and provides teachers with an Early Warning System (EWS) to flag at-risk students and identify additional support they may need. Deep partnerships with local organizations provide food,
 9. Homeless Youth Prevention and Projection (HYPP) Act, Washington State: The HYPP Act, which was passed into Washington state law in 2015, creates an office at the state level accountable for overseeing a range of services for homeless youth. Along with housing and education services, the office works to prevent foster care and juvenile justice systems from releasing youth into homelessness. A diverse coalition of advocates and funders pushed for passage of the Act, which included bipartisan political support and active engagement from First Lady Trudi Inslee. The state seeks to be a national leader on this issue.
 10. LA n Sync, Los Angeles, CA: LA n Sync, a project of the Annenberg Foundation, has helped bring over \$70 million in federal grant dollars to Los Angeles since its launch in 2013. LA n Sync is fueled by four innovative approaches: forecasting grants to give applicants more time to prepare competitive applications; convening coalitions and cross-sector partnerships as a way to organize stakeholders; developing an exceptional pool of winning grant writers; and creating a strategic response fund for grants that call for, or highly recommend matching funds. The experience has helped local organizations
 11. Local Initiatives Support Corporation (LISC), Multi-Local: LISC raises the quality of life in over 100 low-income urban and rural communities across America by taking a comprehensive approach to the challenges they face – focusing on the need for affordable housing, economic vitality, and neighborhood safety, as well as its residents’ health and financial stability. Their toolkit includes public policy development, program strategy, as well as grants, loans, and other investment vehicles. Success is driven, in part, by partnerships with local governments, businesses, and civic groups that come together to finance the development of retail corridors. Rigorous study has proven that this model works and that LISC neighborhoods show increased income and employment when compared with other similar neighborhoods.
 12. Marriage Equality in Minnesota: In November 2012, “Minnesotans United for All Families,” a campaign for marriage equality, defeated a ballot measure limiting marriage to heterosexual couples. Six months later, Minnesotans United passed a state constitutional amendment granting marriage equality to all Minnesotans. These two successes are attributed to a ‘big tent’ coalition of over 700 members that included corporations and religious groups that mobilized 27,000 grassroots volunteers. The strategy included information
- move from a competitive to a collaborative frame when seeking government funding.

CONVERSATIONS

The status quo can get comfortable, but people need us to go further.

FROM THE FIELD: Bright Spots

- sharing with similar efforts in other states and consistent retooling based on polling, focus groups, and other sets of measureable data.
13. Metro Green Line, Minnesota: The Central Corridor Funders Collaborative consisted of 13 national and local funders that pooled resources to fund the development of the new Green Line Light Rail Train that connects the central business districts of Minneapolis and St. Paul, MN. The Collaborative awarded more than \$11 million, leveraging an additional \$50 million on behalf of the community. The funding helped mitigate construction impacts on small businesses, lift up cultural assets at station areas to attract new businesses and visitors, and add public parks and open space along the line.
 14. Mothers Against Drunk Driving (MADD), National: Since Mothers Against Drunk Driving was founded in 1980, drunk driving deaths have been cut in half. Yet MADD's ultimate goal is a future of "No More Victims." MADD launched the Campaign to Eliminate Drunk Driving in 2006, which has succeeded in enacting all-offender ignition interlock laws in 25 states, advancing vehicle technology that automatically detects a driver's blood alcohol concentration, and contributing to a decrease in drunk driving fatalities in the U.S. by 3,000 per year. Core to MADD's success is its ability to activate passionate volunteers, work closely with partners as varied as the NFL and the American Grandparents Association, and use timely, relevant research to inform its policy agenda and drive its programs.
 15. New York City Workforce Funders, New York, NY: Since 2001, 60 foundations and corporate philanthropies in New York have been meeting quarterly and 20 have contributed to a collaborative fund to improve the city's workforce system. Both the learning network and the collaborative grants have led to more effective practices among workforce providers, influenced city policies to focus on sector strategies and employer-led partnerships, and increased collective philanthropic investments from \$18 million in 2004 to \$72 million in 2014. With the city of New York, the Workforce Funders have developed industry partnerships in healthcare and technology that have designed training programs to meet employers' needs. The Workforce Funders also articulated a vision for a redesigned workforce system, and are partnering with the Mayor's Office of Workforce Development and other key agencies to implement shared goals.
 16. StriveTogether, Multi-Local: The Strive Together Cradle to Career Network connects 63 community partnerships in 32 states and DC working to improve education success for over 6.5 million students. This network uses a data-driven collective impact approach, which is characterized by a backbone organization that helps to align resources from cross-sector partners around shared metrics. The desired academic outcomes are related to school preparedness, reading and math proficiency, high school graduation, and college completion. Since 2006, the flagship partnership, StrivePartnership, has seen consistent improvement in five of the six outcome areas. Additional partnerships are also seeing indicators consistently improve.
 17. Volunteer Income Tax Assistance (VITA) Collaborative, Miami-Dade County, FL: In 2015, a web of local and national organizations helped more than 11,000 families file tax returns that generated \$4.5 million in Earned Income Tax Credit (EITC) income and almost \$13 million in additional refunds in Miami-Dade County. The anchor institutions include Branches, the IRS's VITA program, and funding partner Bank of America. Branches, a nonprofit service provider that operates the local United Way Center for Financial Stability, coordinates dozens of nonprofit, corporate, and government partners to provide outreach, volunteer training and support, delivery sites across the county, and tax preparation services. Branches draw support from VITA, which provides matching grants to support free tax preparation services, local outreach, and operational support. This is part of a national network of similar initiatives and builds on a decade-long history of local EITC-related coalitions dedicated to lifting people out of poverty.

CONVERSATIONS

How do we make information more available and provide better access for everyone across the sector?

RECOMMENDED ROLES FOR INDEPENDENT SECTOR

RECOMMENDED ROLES FOR INDEPENDENT SECTOR³

The Threads community conversations were an integral part of the Independent Sector strategic visioning process. In addition to providing insight about the sector today, participants were invited to reflect on how a national organization like Independent Sector could provide the greatest value to organizations in the field.⁴ As a starting point for the discussion, Independent Sector shared its own hypotheses about what those roles might include:

- 1. Bring People Together**
Convene and connect actors in social good space and the natural world
- 2. Create More Insight/Foresight for Action**
Create, aggregate, and share knowledge that deepens insight and foresight across the sector, enabling new approaches to solving problems
- 3. Advocate for Public Policies in Washington, DC**
Protect and promote the sector – bring organizations together to fight for our community
- 4. Drive Solutions**
Align actions and leverage partnerships across a diversity of players, building the sector’s capacity to understand and address big challenges
- 5. Provide Practical Tools/Programs**
Deliver and develop programs and tools that empower leaders and strengthen organizational effectiveness

Participants were both forthcoming and candid with their feedback. They agreed with many of the roles, pushed back on some, and articulated particular needs of the sector. They reminded us that we are the only

national organization that brings together under one roof, nonprofits and foundations from every field of practice – public interest, social service, academic, and everything in between.

-
3. The proposed Independent Sector roles evolved throughout the Threads series as feedback that was incorporated along the way. This version was used for the DC event.
 4. Independent Sector was clear that it would likely not have the capacity to take on the full range of the issues raised, but that all feedback would be carefully considered.

CONVERSATIONS

People are speaking up in new ways, but our sector is not listening.

Recommended Roles for Independent Sector

The most widely-articulated view was that Independent Sector should continue its policy work to protect the interests of the sector. Participants agreed that this work is critical to our community – and should continue to be a core priority for Independent Sector. Many participants encouraged Independent Sector to expand its proactive policy agenda and experiment with new approaches – and use the upcoming presidential elections in 2016 as an opportunity to communicate our priorities to electoral candidates. Threads participants were also anxious to see Independent Sector’s policy agenda engage the broadest possible constituency in the sector, encompassing organizations of all types and sizes across the country. The rallying cry across several cities on the Threads tour was, “We need you to fight alongside us – not for us.”

Participants also affirmed Independent Sector’s critical role as a convener and connector. They underscored the need to create spaces for ongoing, multi-directional conversations that (1) generate insight, (2) develop solutions, and (3) catalyze action. Leaders in several cities called out the need

for more opportunities like the Threads events, highlighting the value of face-to-face conversations that give members of the charitable community the opportunity to step back from daily operations to connect with peers and explore and learn from the larger ecosystem of which they are a part. Many suggested that Independent Sector is well positioned to break down existing silos. For example, there were multiple requests for Independent Sector to be a “boundary spanner” and bridge the divides that often exist among nonprofits, foundations, government, and business. In this capacity, Independent Sector could share information and ideas across these sectors, convene the players, and foster greater collaboration to support shared goals. There were hopes that Independent Sector would increase its efforts to work across geographic regions. In particular, leaders wanted Independent Sector to weave together insights from local communities – akin to bringing information back from listening posts – and then help local and national players connect with and learn from each other.

Participants offered multiple strategies and practical suggestions for how best to engage diverse stakeholders:

- Ensure new voices can join the conversation
- Honor community knowledge and perspectives
- Engage target audiences early, rather than securing buy-in after the fact
- Engage all types of organizations, including small, local, rural, and those representing underserved communities
- Lift up the voices of members in the communities we serve, the “end users” of nonprofit services

A recurring theme was the importance of planning convenings that result in action. “Do more than talk” was a common refrain.

In addition to advocacy and convening, Threads participants agreed that a core responsibility of Independent Sector is to identify and address

particular challenges faced by the charitable community. Several potential initiatives emerged. Some participants wanted Independent Sector to take the lead on these issues, while others suggested Independent Sector may not be best positioned to tackle them.

CONVERSATIONS

Nonprofits are holding back. We need to own our power and expertise in order to create change.

Recommended Roles for Independent Sector

Responsibilities for Independent Sector based on sector needs:

- Develop structures, incentives, and tools that enable collaboration in its many forms; facilitate processes that support communication and alignment across organizations; and provide platforms for organizations to identify potential partners
- In partnership with local and national organizations, build a talent management system that includes leadership and professional development offerings, and strategies for recruiting diverse candidates
- Aggregate and curate useful information to help organizations sift through the current information overload and bring forward relevant articles from researchers and the corporate community to ensure cross-pollination of the best ideas and insights
- Help organizations adapt and embrace change by promoting innovation and share emerging practices, identifying new business and operating models that reflect today's realities
- Expand the visibility of the sector to external audiences, including increasing the public and/or policymaker awareness of the value and roles of the nonprofit and philanthropic community
- Be the sector's voice and champion by aggregating and promoting the values and perspective of the sector within the broader society

Attendees also made multiple appeals for Independent Sector to expand the scope of its work beyond issues that support and protect the sector. Independent Sector was asked to help address income and racial inequity, engage in activities that strengthen democracy, and take on more discrete issues that have broad impact, such as net neutrality. Promoting only the self-interest of the sector, they said, would limit Independent Sector's impact.

Conversations about the scope of Independent Sector's work were related to debates about the type of leadership Independent Sector should employ. There was a robust discussion across many cities on this topic. Some participants implored Independent

Sector to exhibit stronger, bolder leadership on a variety of issues to push the sector out of its comfort zone to catalyze change. They argued the surest way for Independent Sector to decrease its impact would be to take on only "safe" issues and approaches. There were, though, some voices that recommended that Independent Sector play more of a supportive role. This group believed that Independent Sector's primary purpose should be to build capacity of the sector, strengthen the "connective tissue" among organizations, and support leadership. From this perspective, Independent Sector's strength is in being the neutral convener the sector so desperately needs.

CONVERSATIONS

Short-term thinking is really hurting society and the sector.

Reflections

Our overarching impression from across each of the 15 events was that our larger community has a deep passion for improving lives and the natural world. Participants everywhere demonstrated an intense desire to make tomorrow better than today. From Miami to Seattle, from Boston to Phoenix, they spoke to a deep commitment to “elevate the game,” reach more people, engage partners in new ways, achieve results that make a lasting difference. They raised hard questions and acknowledged that we, as a community, have much work to do to ensure we are as effective as the times demand. These communities did not shrink from that challenge. In fact, it made them all the more determined to push ahead, a response that reflects the best traditions of the charitable community.

The unprecedented speed of change and growing complexity in our environment was a constant backdrop for the conversations. We are all – big and small, funder and nonprofit – feeling these pressures. Time and again, participants expressed the need to step back and see the “big picture.” They appreciated the opportunity to explore broad trends and share new ideas as part of their ongoing attempts to make sense of today’s challenging environment. They spoke to the need for a greater sense of connectedness and more opportunities to come together – exploring issues, sharing ideas, and building new connections.

In each city, there was a similar conclusion among participants: the magnitude of the problems we seek to address is too great for any individual organization to face alone. At some events, this point was made explicitly, on other occasions it was embedded in a broader discussion. But the simple idea that we

are more effective together was always present. Participants’ open critique of the lack of relationships across sector organizations – and their calls for more communication, trust, and collaboration – was evidence of the need to work better together. There was a keen interest in strengthening the connections between national and local entities, as well as learning about the experiences of other regions.

There was an assumption that responsibility for addressing these challenges rested with individual organizations. However, there was also a recognition that the systems and structures within the charitable community needed to be strengthened – through our combined efforts – in order for individual organizations to be most effective.

In sum, each of the cities we visited during the Threads gatherings represented a waypoint on an extraordinary journey through the nonprofit and philanthropic sector. Taken together, they highlighted the many ways that organizations can better serve communities and the natural world. Coast to coast people called for more meaningful engagement, more time to reflect on the world churning around them (and their role in it), and the opportunity to work together more effectively. While we are honored to have been part of this journey, we hope it doesn’t end with this report. We encourage those working in the social good space to take up the problems that surfaced during these gatherings and, equally important, to build on the many insightful suggestions that were shared. By working together, we can transform our shared goals of a better future into reality.

CONVERSATIONS

How do we create shared vision across organizations?

APPENDIX

OVERVIEW OF APPROACH AND METHODOLOGY

Data for this report was captured through 15 Threads community conversations. Twelve of these events generally shared similar outreach strategies and session formats. The remaining three were an adapted format which also yielded relevant data. An overview of the events, along with information about the audiences, is below.

LOCATION AND DATE OF THREADS IN CHRONOLOGICAL ORDER

1. New York, March 24, 2015
2. National Endowment for the Arts Convening, Washington, DC, April 28, 2015
3. Detroit, May 4, 2015
4. Chicago, May 7, 2015
5. Los Angeles, May 8, 2015
6. Minnesota, May 27, 2015
7. Miami, May 29, 2015
8. Boston, June 3, 2015
9. Silicon Valley, June 8, 2015
10. Oakland, June 10, 2015
11. Spokane, June 16, 2015
12. MCON Virtual Conference (Chicago), June 23, 2015
13. Seattle, June 26, 2015
14. Washington, DC, June 29, 2015
15. Phoenix, August 27, 2015

OVERVIEW OF 12 SIMILAR FORMAT EVENTS

Outreach and Participation

Each event was open to nonprofit and foundation staff members in the region, as well as colleagues from business, government, and media. Outreach efforts were led by partners and sponsors, which included state associations of nonprofits, community and private foundations, and other local organizations. (A full list of partners appears in the Acknowledgements.) In addition, Independent Sector invited its members and stakeholders in each region. (Participation was not limited to Independent Sector members; a majority of Threads participants were recruited by partners and sponsors.) Outreach was conducted primarily through email, social media, and word of mouth.

Data Collection and Analysis

Each major element of the Threads community conversation agenda was designed to generate discussion and had an embedded data collection strategy. A total of 3,139 comments were captured. All comments from the field were transcribed and analyzed to identify themes and qualitative insights. The chart below describes the agenda of the Threads events and how the data was used to inform this report.

Elements of the Threads Agenda	Notes on Data Analysis and Reporting
<p>1. Introduction. Local partners welcomed the participants, reviewed the agenda for the day, and provided context for the discussion in their own words.</p>	<p>No data captured.</p>
<p>2. Nine Key Trends Affecting the Charitable Community. A presentation by Diana Aviv, then president and CEO of Independent Sector, on the Nine Trends. This content is summarized beginning on page 39 of this document. The presentation was followed by a large group discussion to solicit reactions and additions to the trends.</p>	<p>A member of the Independent Sector staff took notes of the large group conversations; 458 comments were recorded. A high-level summary of these comments appear in the section titled, “Society-Level Trends and Challenges.”</p>
<p>3. Challenges. Participants were invited to break into small groups to identify and record challenges. A worksheet was provided that asked groups to specify whether they were identifying challenges that are relevant to society at large, the nonprofit and philanthropic sector, or individual organizations. Below are the questions participants were asked to address.</p> <ul style="list-style-type: none"> • Societal Challenges: What are the big societal level issues that are holding us back from accomplishing our missions? • Sector-Specific Challenges: What are the challenges that are holding back the sector at large? What obstacles must the sector conquer in order to thrive in years to come? • Organizational Challenges: What are the most significant challenges your organization is facing? What obstacles must your organization overcome to increase its future impact? 	<p>A total of 256 society-level comments were transcribed from small group worksheets and categorized. A summary of these comments appear in this report in the bulleted list, “FROM THE FIELD: Society-Level Challenges.”</p> <p>There was significant overlap in the organizational and sector-level comments, so those categories were combined in the data analysis. A total of 1,186 comments related to sector and organizational level challenges were transcribed from worksheets and analyzed. A summary of this content appears in the bulleted list, “FROM THE FIELD: Challenges Facing the Charitable Sector.”</p>
<p>4. Solutions. Small groups were invited to generate solutions to the challenges identified in the prior conversation. Participants were provided with a worksheet on which to record their insights. The worksheet stated: “Please identify one challenge we face and design solutions that will address it.”</p>	<p>Input on solutions yielded 576 comments and is summarized in the bulleted list, “FROM THE FIELD: Solutions to Challenges Facing the Sector.”</p> <p>The solutions conversation was added to the Threads agenda midway through the events. Minnesota was the first event to include this element, so this report summarized data from nine events only.</p>

Elements of the Threads Agenda	Notes on Data Analysis and Reporting
<p>5. Bright Spots. The third round of small group conversations was about bright spots, where participants were invited to share success stories. The following questions were on the worksheet provided:</p> <p>What examples of highly successful or innovative practice have you seen that may have the potential of increasing sector impact? Where have you seen organizations in the sector working effectively across issues areas and/or with business and government? What made that collaboration work?</p>	<p>It should be noted that many of the 472 “bright spots” recorded in the small groups were general strategies (such as, “hybrid and BCorp organizations are showing promise”), examples of organizations in early stages of working together with ambitious intentions but no results to date, or ongoing programs. Although these do not meet the criteria of bright spots as described, each of these efforts is a part of the larger tapestry of the charitable community.</p> <p>Brief write-ups of selected bright spots appear in the bulleted list, “FROM THE FIELD: Bright Spots.”</p>
<p>6. Potential Roles of Independent Sector. Diana Aviv delivered a brief presentation on potential roles of Independent Sector, which was followed by a large group discussion about reactions and additions to the roles.</p>	<p>Independent Sector staff took notes on the large group conversation, yielding 148 comments.</p> <p>The presentation and input from Threads participants are summarized in the section titled, “Recommended Roles for Independent Sector.”</p>
<p>7. Wrap up. Diana Aviv and local partner(s) provided concluding remarks.</p>	<p>No data captured.</p>

ADAPTED FORMAT EVENTS

A description of how these events varied from the regular format is below.

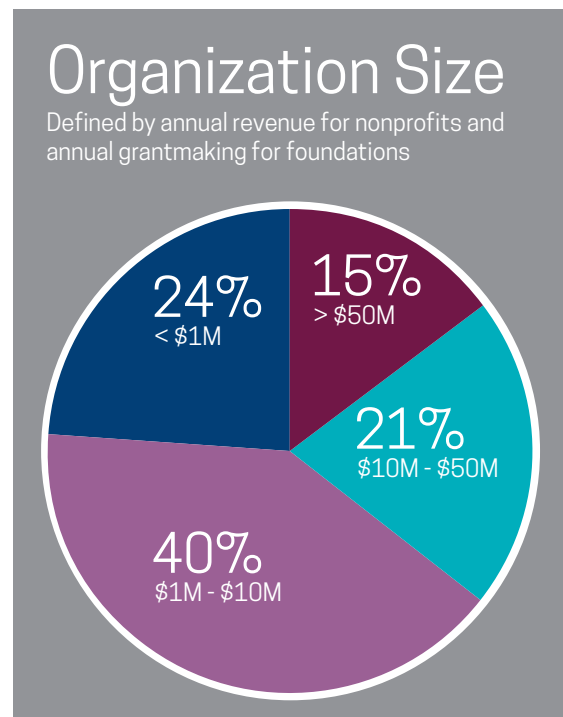
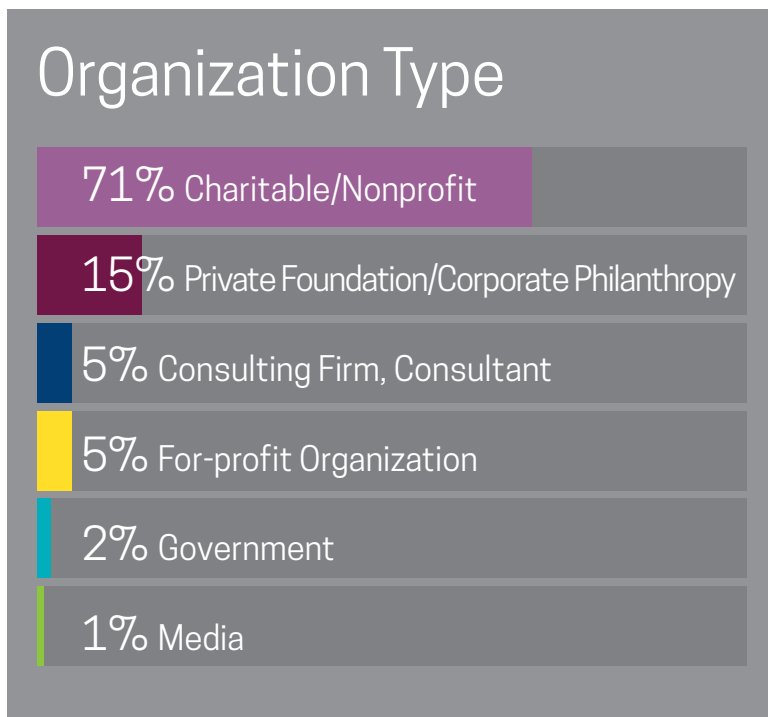
- National Endowment of the Arts Convening**
The Threads agenda was condensed into a 90-minute program for a private meeting of nonprofit organizations that work closely with the NEA. The host played no role in the development of the Threads portion of the agenda, but was exclusively responsible for the audience, which was comprised of representatives of arts organizations and networks from across the country. The session prioritized discussions of challenges and bright spots.
- MCON**
MCON is a virtual conference planned by Achieve, and included Millennials registered for the MCON event. With support from the W.K. Kellogg Foundation, the event also included virtual participants from Louisiana, Mississippi, and New Mexico. This format featured a 60-minute interview with Diana Aviv about the Threads conversations, participant-generated questions during the live stream, and a follow-up survey asking participants to identify the following: trends that will shape the future, challenges facing the nonprofit community, and bright spots.
- Threads Phoenix**
This three-hour in-person event was very similar to the Threads events described previously. However, this session differed from the typical format in that it did not solicit society-level challenges or bright spots in order to maximize time for the other discussions. It was also paired with an afternoon program focusing on advocacy.

AUDIENCE

In total, 2,037 individuals attended the Threads community conversations. Thirty-one percent of the participants were CEOs. Most participants (71 percent) were from nonprofit organizations, while foundations accounted for 15 percent of the attendees. In addition, there was representation, though more limited, from consulting firms, for-profit organizations, government, and media outlets.

The sizes of participating organizations varied greatly. For nonprofits, organization size was tracked by annual revenue; for foundations, it was tracked by annual grantmaking. Most events had organizations with less than \$1 million and over \$50 million, while the typical organization had annual revenues or grantmaking between \$1 – 10 million.

The charts below show the breakdown of these organizational characteristics.



PURPOSE AND LIMITATIONS OF THIS REPORT

This report is the result of a qualitative, conversation-based initiative. The content represents the experiences and perspectives of Threads participants. It does not necessarily represent the views of Independent Sector and claims that appear here have not been independently verified. In addition, while the participants represent a diverse cross-section of organizations from across the country, this report does not reflect a scientific random sample of the sector and therefore may not be representative of the experiences of all sector organizations.

Even with these limitations, Independent Sector believes this report provides an important contribution to our collective understanding of the challenges facing the charitable community today. Our hope is that we can work together, as a sector, to continue to identify and address problems so that we may increase our impact as we seek to improve lives and our natural world.

9 TRENDS DOCUMENT



NINE KEY TRENDS AFFECTING THE CHARITABLE SECTOR

The evolving context for the charitable sector over 20 years: **Six assumptions and three critical uncertainties**

This and the following four pages articulate Independent Sector's view of the changes that will shape the charitable sector's operating environment in profound and unavoidable ways over the coming two decades.

THREE ASSUMPTIONS ABOUT NATIONAL AND GLOBAL-LEVEL FORCES

- 1 Disruption from inequality and environmental degradation
- 2 Greater ethnic diversity and new generations of leadership
- 3 Technology transforming learning, gathering, and associations

THREE ASSUMPTIONS ABOUT THE CONTEXT FOR PURSUING SOCIAL IMPACT

- 4 Swarms of individuals connecting with institutions
- 5 Business becoming increasingly engaged in social and environmental issues
- 6 New models for social welfare and social change

THREE CRITICAL UNCERTAINTIES ABOUT GOVERNMENT

- 7 Will there be a resurgence of the public's voice in policymaking?
- 8 Will the primary focus for policy development be at the local or national level?
- 9 How will government balance competing priorities and revenue pressures?



DETAILS ON THE FOLLOWING PAGES

2

THREE ASSUMPTIONS ABOUT NATIONAL AND GLOBAL-LEVEL FORCES

1

Disruption from inequality and environmental degradation

The unequal distribution of power and wealth and accelerating degradation of the environment will place growing pressures on social structures, potentially leading to social disruption and even unforeseen innovation in political governance and the social compact.

The ripple effects of these twin disruptive forces will both shape and be shaped by the strength of the democratic culture, both domestically and abroad.

2

Greater ethnic diversity and new generations of leadership

The demographics of the nation will steadily shift: it will become more ethnically diverse (particularly Latino), a new generation of digital natives will enter the workforce, Millennials will become senior leaders, and Boomers will have almost entirely exited the workforce but will be active retirees.

The nonprofit and philanthropic sector will come under steadily increasing pressure to reflect the nation's changing face.

3

Technology transforming learning, gathering, and associations

Technology innovation will continue to require organizations to adopt a stance of continuous learning and experimentation, as new tools change the way that individual teams and society itself can organize. Already, the rapid spread of today's smartphones and tablets has produced dramatically more communication and made it much easier to engage with others. As our communication tools evolve into ever more powerful forms, it will be even harder to win a person's attention but easier to sustain relationships in spite of distance and infrequent in-person contact.

As the experience of online engagement becomes increasingly close to that of face-to-face meeting, several ripple effects will follow. Learning will be fast, as-needed, and frequently in groups. Gathering in person will increasingly occur only when in-person connection is critically important. And, the role of an association will increasingly shift from a one-size-fits-all approach to something more customized, providing a lightweight structure for fostering a variety of peer-to-peer connections and enabling participatory leadership.



3

THREE ASSUMPTIONS ABOUT THE CONTEXT FOR PURSUING SOCIAL IMPACT

4

Swarms of individuals connecting with institutions

A powerful driving force will be **individuals “swarming” in loose networks** around a shared purpose joining forces as voters, consumers, and community members. This will be fueled in part by the rising tide of new data, which swarms will be ideally suited to turn into civic and political use.

Individuals will be more strongly aligned with causes and less to the organizations that advance them. As they become increasingly sophisticated at swarming, **individuals will often sidestep organizations** that are not equipped to partner with them. At home and abroad, swarms will direct their efforts at addressing market and government failures in new ways, with solutions that seek to either fill in the gaps where infrastructure is lacking or provide alternatives to existing services.

Today’s swarms are already replacing some institutional grassroots organizing efforts. If these swarms gain sophistication, they will put **even more pressure on institutions** across society to both partner with and adopt this new form. Institutions will need to become agile in a variety of new ways: by listening deeply, responding in real time, providing platforms that enable and accelerate existing swarms, and by leading swarms themselves. In parallel, part of the sophistication that swarms may gain is a far greater ability to draw on institutional capabilities, which could be instrumental for sustaining their impact over time. Associations will face particularly strong pressure as technology makes it easier to connect with peers and access new information and resources with minimal overhead, both at a distance and in person.

As a result, the dominant **culture of leadership** across society will continue to gradually shift from central control towards broad episodic engagement; being adaptive, facilitative, transparent, and inspirational will be increasingly valued. Particularly in the nonprofit and philanthropic sector, leaders will continue to use formal authority as an essential tool, but many will emerge whose power is drawn from informal influence.



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4

THREE ASSUMPTIONS ABOUT THE CONTEXT FOR PURSUING SOCIAL IMPACT

5

Many businesses becoming increasingly engaged in social and environmental issues

Addressing social challenges in the US and around the world, particularly those driven by major contextual disruptions, will require **cross-sectoral** and **cross-cultural** initiatives that tap resources, ideas, and talent from across the globe – and which will often need to be executed at considerable scale. Businesses will be an increasingly essential partner in this ambitious work, and many will be motivated by **market pressure** to actively influence how government and others actors respond to social/environmental challenges.

Businesses' self-interest in profitable markets and a strong, stable talent pool will lead them to weigh in on different sides of many issues. The nonprofit and philanthropic sector will often be ideally suited for **playing a bridging role** among the many actors involved in these dialogues, but bridging to business will require artful choices of **when to act as a partner** and **when to press for change**. Partly as a result, business leaders will opt at times to do this work themselves. But when that bridging is successful, it will produce a great deal of social impact, as is already being shown today.

6

New models for social welfare and social change

Financial support for social welfare and social change will become **more varied and sophisticated**. New platforms for accessing small-scale gifts will emerge, large gifts will be given primarily by living donors (through not only foundations but also a variety of other means), corporations will partner with nonprofits in new ways or go it alone, government contracts will be delivered through new structures, and various elements of philanthropy will continue testing the value and appropriate role of market-based solutions. Many of these new methods will center on **data that quantifies impact**, further elevating its role in both fundraising and management.

Experimentation with **hybrid business models** will continue, while social impact work continues to both professionalize (in the building of nonprofit institutions) and de-professionalize (as individuals collaborate in decentralized swarms). The need for resources may influence many nonprofits to become **more reliant on earned income**, but they will earn it in more diverse ways than today.

While helpful for keeping nonprofits viable, a shift towards earned income will likely call into question how the sector can maintain its **original role** as a protected, non-commercial space for citizen voice and social experimentation.



5

THREE CRITICAL UNCERTAINTIES ABOUT GOVERNMENT

7

Will there be a resurgence of the public's voice in policymaking?

If current trends hold, policymaking will be increasingly driven by the interests of those with money to spend on political influence, whose interests can be different than the voting public. But it is also possible that there will be a resurgence of the public's voice. One driver could be if swarming becomes increasingly sophisticated at bringing unprecedented public pressure to bear on policymakers. Another would be the emergence of widespread objections to the use of money as political speech—which may be unlikely but is not implausible.

8

Will the primary focus for policy development be at the local or national level?

Partisan deadlock at the national level will come and go, while cities and states will continue to respond to the practical needs of citizens with local innovation, acting as the “laboratories of democracy.” Opportunities for progress in policy development will emerge at both levels, requiring ongoing assessment of where to invest in engagement and advocacy with policymakers.

9

How will government balance competing priorities and revenue pressures?

Today's entitlement commitments put government on an unsustainable path, given the substantial national debt, the reluctance to increase revenues and the clear upcoming rise in the nation's percentage of eligible recipients. Policymakers may choose to raise additional revenues, cut back on payouts, or a combination of the two. Which path they choose, and how they go about it, will at least be a significant factor in government spending on health & welfare, and could potentially have profound implications for the social compact.



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