
COLORADO NONPROFIT DEVELOPMENT
CENTER



A Partner for Nonprofit Innovation, Efficiency and Accountability

STRATEGIC PLAN 2020-2022

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INTRODUCTION

The Colorado Nonprofit Development Center (CNDC) is the leading fiscal sponsor for nonprofits in the state of Colorado. As a fiscal sponsor, they allow other charitable entities to operate under the CNDC corporate structure and provide a range of services to those projects including a full spectrum of accounting services, human resource services and grant compliance and reporting. They also mentor and nurture charitable projects to help them become more efficient and effective. In addition, they offer fee-for-service accounting to entities that have their own 501(c)(3)'s.

Since their inception in 1999, CNDC has supported more than 200 charitable projects and has managed more than \$100 million in revenue. They currently have more than 70 projects under management and oversee about \$18 million in annual revenue.

CNDC last completed a business plan in 2009 and does not have a current strategic plan. The organization decided in 2019 to engage in a strategic planning process focused on identifying new opportunities. This document summarizes the analysis conducted about the current strengths of CNDC, the opportunities presented by a changing nonprofit sector, and the priorities for the organization for the next three years.

METHODOLOGY

This strategic plan was developed at the direction of the Board of Directors of CNDC and was overseen by a steering committee which included Board members and senior staff members. Cause Effect Advisory Services was retained to facilitate the planning process. The recommendations included in this plan are based on the following:

- Project scope discussions with staff leadership and the strategic planning committee
- Review of historical documents including previous business plans, project satisfaction surveys, and project demographic data
- Key informant interviews with:
 - Ten Board members
 - Six staff members
 - Two outside stakeholders
- Input from staff and leadership of private foundations gathered through a listening tour conducted by the President/CEO
- Board self-assessment survey completed by
 - 12 board members
 - Three management team members
- “Nonmember” survey completed by 13 nonprofit organizations that are not projects of CNDC
- Two review meetings with the strategic planning committee
- Research conducted by the author
- Review of drafts and feedback from staff and committee members

CNDC VISION AND MISSION

Vision

Thriving, Compassionate Communities for all Coloradans.

Mission

CNDC maximizes the impact of nonprofits through fiscal sponsorship to enable all Colorado communities to thrive.

SITUATIONAL ANALYSIS

CNDC is currently a strong organization with a solid business model, dedicated staff and an effective Board of Directors. While there are some opportunities for growth and improvement, CNDC will embark on the implementation of this strategic plan from a position of strength.

Key findings from stakeholder interviews and surveys about the current state of the organization are summarized below.

ORGANIZATIONAL IMPACT

CNDC is succeeding in fulfilling its mission and is providing high quality services and support to the projects that are under its umbrella. Specific areas of strength include:

- *A highly skilled and dedicated staff* that has a strong customer service orientation. Of particular note is the management team of three senior leaders, including the President, Vice President and CFO, who have developed a strong working relationship with clear lines of responsibility. The President and CEO, who has been in her role since the inception of CNDC, is seen as highly effective, very knowledgeable, and skilled at both internal and external leadership. In addition, staff at every level of the organization are described as responsive to project requests, collegial and well versed in their individual areas of expertise.
- *Expertise in onboarding* and supporting those new to charitable work. CNDC has become quite skilled in helping projects quickly learn about the nonprofit industry so that they can begin their work faster and be confident that they are utilizing best practices. While CNDC has always focused on supporting start-up projects, their recent work with The Colorado Trust, which has included supporting many projects with little to no experience in nonprofit management, has prompted the organization to develop stronger orientation practices and to better articulate what is required to be a CNDC Project.

- *Niche strength in administering government grants.* Government grants generally require more detailed reporting and more sophisticated tracking of expenses when compared to grants from private foundations. The complexity of administering these grants can make it quite difficult, particularly for smaller nonprofits, to accept government funds. CNDC's expertise in this area has made it possible for projects to benefit from government grants while freeing them from the burden of administration. This strength could be leveraged for future opportunities.
- *Progress with automation.* The recent introduction of Salesforce and other moves toward automating payments and contract execution have enhanced the customer experience. While there is additional work to be done in this area, recent improvements have positioned CNDC well to introduce systems that leverage technology and make interactions with projects more efficient.

Opportunities

- *Need to continue to automate and streamline processes.* While the improvements noted above are significant, there will be a continued need to convert paper-based systems to ones that use technology to reduce the administrative burden on projects. This specifically includes a need to make accounting systems more accessible to projects so that they can get real time information about their accounts.
- *Need to more clearly articulate the value proposition of the business model.* While CNDC's current financial model, charging nearly all projects a management fee of 10% of revenue, is generally seen as a fair price within the organization, there is some external perception that the fee may be excessive. More significantly, the organization does not have a clear and compelling explanation of the value that projects receive in exchange for their fee of 10% of revenue, and 14% of government grants.
- Opportunities to think about *more coaching and support.* CNDC receives very high marks for its back-office services, but the consultative support they provide to projects is viewed as more sporadic. While some projects develop strong relationships with individual staff members and leverage those relationships to get advice on how to better manage their projects, there are no formal mechanisms in place to monitor, support or improve operational effectiveness of projects.
- *Measures of success not directly linked to the mission.* CNDC generally uses measures of financial efficiency and program satisfaction to assess its effectiveness. These measures, while good ways to determine if the organization is operating effectively, are not linked to the mission of maximizing the impact of nonprofits. In a philanthropic environment that is increasingly emphasizing outcomes and demanding that nonprofits demonstrate impact, CNDC may benefit from being able to more directly demonstrate how it is fulfilling its mission.
- Potential to elevate emphasis on *diversity and inclusion.* There is acknowledgement among Board and staff members at CNDC that the organization could do more, both internally and through its

projects, to promote diversity, equity and inclusion (DEI) . Currently, CNDC has limited data on the demography of project staff, Advisory Boards and clients served. At a minimum, there is a need to better understand how diverse the current project make-up is, and there may be an opportunity to more actively promote equitable practices. At best, CNDC is in a position to be a leader in the nonprofit sector in proactively asserting the value of DEI and demonstrating best practices.

ORGANIZATIONAL GROWTH

To date, CNDC's growth has been largely organic and has come primarily through referrals from foundations, other projects and those who are deeply knowledgeable about the nonprofit landscape in Colorado. The organization has been successful in reaching substantial scale without specific growth targets and without staff focused on recruiting additional projects. However, if CNDC wishes to continue to grow substantially, particularly outside of metro Denver, it may need to adopt more explicit growth strategies.

Strengths

- *Positive reputation among key stakeholders.* CNDC boasts an exceptionally strong reputation among key stakeholders. This is particularly true with the two audiences most likely to make referrals for new projects; private foundations and current and past projects. Prior to launching the strategic planning process, CNDC's President & CEO had engaged in a "listening tour" with the heads of nearly all large foundations in the Denver metro region. Those leaders gave overwhelmingly positive reviews of CNDC and were enthusiastic supporters of the continued growth of their work. In addition, the 2018 annual project satisfaction survey showed that 84% of projects were either likely or very likely to recommend CNDC to others seeking fiscal sponsorship.
- The Colorado Trust partnership is *accelerating penetration outside of Denver*. Because CNDC has been largely reliant on word of mouth to attract new projects, and because most current projects are located in metro Denver, its penetration in other parts of the state has been quite low. However, through its partnership with The Colorado Trust, CNDC has begun to have a presence in many rural parts of the state. These new relationships could be leveraged to further expand the organization's reach outside of the metro region.

Opportunities

- *Low visibility* in the broader community. While CNDC enjoys strong brand awareness among key constituents, it is virtually unknown in the broader public. Because CNDC does not seek support from the general public, this may not be problematic. However, there may be an opportunity to expand the referral base, form innovative new partnerships, and potentially even generate some

revenue by increasing awareness of the important role that CNDC plays in the nonprofit sector.

- *Limited penetration outside of Denver.* As noted above, while CNDC aspired to be a statewide organization and is making some inroads in establishing its presence outside of Denver, the organization is still largely metro-centric. Clearly, this limits CNDC's growth potential. In addition to low awareness of CNDC outside of Denver, the lack of a physical presence in any other part of the state may make it difficult to serve projects in other regions. Investments in technology may be one way to address this challenge.
- Growth of online services creating *competition*. Many of the services that CNDC offers are increasingly being automated and offered at low cost online. Specifically, the growth of online payroll and benefit administration, as well as the increasing accessibility of accounting systems such as QuickBooks, provide organizations with cheap solutions that may compete with what CNDC has to offer. While the expertise of CNDC's staff, and the value of their integrated services, may be appreciated by those who have experience in managing organizations, these cheap alternatives may appeal to newer projects with limited budgets. They may also be more comfortable and familiar solutions for a younger generation of nonprofit entrepreneurs.
- Current product fits best with *start-up, small to midsize organizations*. While CNDC does offer accounting services for entities that have their own 501(c)(3), the majority of its projects come to the organization as start-ups and stay under the CNDC umbrella either long-term or until they reach a size that makes it more efficient for them to spin off. This model limits growth because the thousands of existing nonprofits in Colorado are not potential clients. There may be an opportunity for CNDC to consider ways to expand the services it can offer to established nonprofits.

ORGANIZATIONAL SUSTAINABILITY

As a 20-year-old organization, CNDC has a strong operational track record and a history of sustained financial success. However, as the external environment continues to change, there are some potential weaknesses with CNDC's business model that may need to be addressed to ensure long term viability.

Strengths

- *Strong continuity of operations.* CNDC's 20-year history of stable operations is the best indicator that the organization has the systems and structures in place to support long term success.
- *Strong leadership.* As noted above, CNDC benefits from a three-member senior leadership team that is highly effective and has been in place for many years. This cohesive and experienced team is well positioned to continue CNDC's record of success.

- *Strong organizational culture.* CNDC has created an intentional culture of both prioritizing customer service and valuing employees. Combined, these two core values ensure both client and employee loyalty, which is vital to sustainability.
- Recent *investments in compensation* to help retain key staff. CNDC generally employs highly-skilled workers. Given the tight labor market of the past several years, it is important that the organization offer an attractive workplace, including competitive salaries. Having recently conducted a salary study and making some significant adjustments in compensation, CNDC is currently offering competitive wages.

Opportunities

- *Staff turnover is relatively high.* Despite adjustments in salary, several stakeholders noted that staff turnover at CNDC seems high. While it is not clear that turnover is necessarily higher than at comparable organizations, the impact of any turnover is significant. CNDC's staff is quite specialized, so the loss of any employee brings the loss of knowledge, a high burden on remaining staff who must fill in during vacancies, and substantial ramp-up time for new employees.
- No clear *succession plan* for senior executives. The effectiveness of the leadership team presents a bit of a double-edge sword as the loss of any one of those individuals would be a significant blow to the organization. While there is a plan in place for managing an emergency vacancy, there is not a plan in place for deliberately developing new talent to eventually assume those positions.
- *Business model is one-size-fits-all* and may not accurately reflect costs. CNDC generally charges a flat fee of 10% of revenue to all of its projects. Government grants are charged a 14% fee. While this model is relatively simple to implement, it does not reflect the differences in the costs incurred by CNDC to support different projects. For example, projects with many employees, or with a high volume of transactions, are more costly to CNDC than projects with no employees or a low volume of transactions. Consequently, it is possible that CNDC is losing money with some projects and profiting substantially from others. There may be valid mission-related reasons to continue with this structure, but better understanding the cost/benefit of individual projects would be useful.
- *Limited ability to project revenue.* Because CNDC's income is entirely dependent on the revenue that projects generate, it is difficult for the organization to make accurate financial forecasts. This creates challenges in years when revenues are down, and the organization has to dip into reserves. Compounding this problem is the looming threat of recession and concerns that the organization will face even greater financial challenges in the near future.
- Need to *renegotiate or terminate lease* in 2023. The office space that CNDC currently occupies is relatively affordable, but with the lease up for renewal in 2023, rates are expected to go up.

CNDC will face a decision to either absorb these increased costs or find new space.

- Staff policies and procedures not fully leveraging current conditions including *flexible work conditions and gig economy*. CNDC's current policies generally limit staff members ability to work from home or work flexible schedules. This is largely driven by the need to have staff members available for projects during normal work hours. There are also some limits with technology and with having staff access sensitive financial systems remotely. However, as a younger workforce is demanding more flexibility, CNDC may need to adapt to their needs to retain high quality staff. In addition, CNDC is not currently benefiting from the burgeoning "gig economy" that deploys contract workers on temporary assignments as needed. The organization could consider using contract workers during high-volume work periods, such as the end of the year, during employee absences, and when there are employee vacancies. Contract workers could also be deployed to provide some of the ancillary services, such as a coaching and consulting, that CNDC aspires to offer projects but lacks the capacity to deliver. Having a stable of trained contract workers could give the organization the benefit of skilled workers without the obligation of long-term hires.
- *Culture is cautious*. CNDC is an inherently watchful and reserved organization. As stewards of project resources, they have a responsibility to be prudent with their resources. While this culture is appropriate for the mission of the organization, it may also hinder innovation. There is not a natural inclination, nor systems and structures within the organization, to be deliberately seeking new opportunities or new ways of doing business.

GOVERNANCE

CNDC benefits from a skilled and dedicated Board of Directors who have a clear sense of mission and a collaborative work style. As the Board reflected on their performance, through interviews and surveys, they also identified some opportunities to enhance their effectiveness.

Strengths

- *Shared understanding of mission*. The board has recently engaged in a process of reviewing and refining their mission. This work has led to a very clear shared understanding of the purpose of CNDC, and the decisions made by the board are solidly grounded in this mission.
- *Strong working relationship between Board and Staff*. Board and staff members clearly hold one another in high regard, have a strong understanding of the division of responsibilities, communicate effectively, and enjoy working together.
- *Broad and substantial expertise among members*. CNDC has been intentional about determining the skill set needed on the board and about recruiting members to meet specific needs. As a group, they have the continuum of expertise needed to successfully lead the organization.

- *Strong fiduciary responsibility.* CNDC's board is very clear about its fiduciary responsibility and is prudent and cautious in managing all of the resources of the organization.
- *Effective Board structures.* The mechanics of the CNDC board, including the committee structure, orientation process, meeting preparation, meeting process and board terms, are all in alignment with best practices in nonprofit management.

Opportunities

- *Succession planning.* As noted above, aside from an emergency plan, CNDC does not have a succession plan in place for the President & CEO position. This is a board responsibility. In addition, there is not a clear succession plan for Board leadership, and leadership transitions seem to be more opportunistic. The Board could benefit from a more deliberate plan for preparing someone for Board leadership.
- *Access/influence to support organizational priorities.* While the Board, as whole, has excellent access to individuals and organizations at every level in Colorado, there has not been a call for the Board to leverage those relationships to benefit CNDC. The Board may be missing an opportunity to bring new resources to the organization.
- *Budgeting vs financial planning.* The Board currently approves an annual budget and ensures compliance with this budget, but it does not generally engage in long-term financial planning. While such long-range planning may not have been necessary in the past, as the organization contemplates the need for new facilities, investments in IT, and opportunities to grow beyond metro Denver, it will need to have a financial roadmap for achieving these goals.
- *Performance metrics.* As noted above, CNDC currently measures its effectiveness primarily by financial and operational metrics which are not directly linked to the organization's mission. Assessing organizational effectiveness is a responsibility of the board, and any changes in how success is measured should be driven by the Board.
- *Evaluation of the board as a whole and of individual members.* As part of this strategic planning process, the Board completed a self-assessment. However, the Board had not completed prior self-assessments and there are not mechanisms in place for regular reflection on Board performance. In addition, there are currently no clear expectations for individual board member contributions and no process for evaluating individual member effectiveness.
- *Mechanisms for affiliation other than Board membership.* While some of the CNDC Board committees have outside members, there is currently not much opportunity for non-Board members to have official positions with CNDC. Increasing mechanisms for affiliation, through an advisory board or broader committee participation, could be a useful way to develop future Board members and to increase community support for the organization.

- *Board recruitment.* As with Board succession planning, Board recruitment is not as deliberate as it could be. While there is discussion at the Board level about the diversity needed in terms of both skills and personal attributes, recruitment is still mostly ad-hoc and in response to vacancies as they arise. There is not a long-range plan for developing individuals for board membership nor a very structured process for recruiting and vetting board members.

STRATEGIC PLAN

GUIDING VALUES

CNDC's 2020-2022 strategic plan is guided by three core values that will influence all of the organization's decisions and actions. This includes the decisions and actions of the staff, board, contractors and projects. These strategic values include:

- **Increasing diversity, equity and inclusion at every level of the organization.** As a leader in the nonprofit sector in Colorado, CNDC sees diversity, equity and inclusion as core part of its mission. CNDC commits to pursuing cultural competency within the organization and among its projects, to accurately assessing the effectiveness of any efforts to bring underrepresented constituency into the organization, and to making changes to policies and practices where warranted.
- **Remaining nimble and responsive to a changing philanthropic sector .** While continuing to prudently and conservatively managing its resources, CNDC will also be proactive in monitoring changes in the fiscal sponsorship industry and in seeking innovative opportunities that will allow the organization to better serve current projects and future projects.
- **Demonstrating and celebrating the impact of CNDC.** CNDC has traditionally promoted the success and impact of its projects while maintaining humility about its own contributions. Going forward, CNDC will acknowledge and highlight the value of its own work in addition to that of its projects.

STRATEGIES FOR IMPACT

CNDC has always provided high quality fiscal sponsorship services to nonprofit projects in Colorado. The organization will continue to offer best-in-class accounting, human resource, grant compliance and other back-office services. To increase its impact in the sector, the organization will take steps to ensure that it is an exemplar for diversity, equity and inclusion and will focus on measuring results that are aligned its ambitious goals. CNDC will also make investments in its systems and technology to ensure that it keeps pace with the demands of current and future projects.

Specific opportunities for the next three years include:

- Auditing diversity, equity and inclusion policies and practices and revising as needed
- Developing metrics of success that are aligned with CNDC's mission
- Conducting a formal impact study to quantify the value of CNDC's work
- Investing in technology

AUDIT DIVERSITY, EQUITY AND INCLUSION POLICIES AND PRACTICES AND REVISE AS NEEDED

As one of the most influential nonprofit organizations in the state, CNDC recognizes that it has both an opportunity and an obligation to ensure that it implements exemplary diversity, equity, and inclusion (DEI) policies and practices. CNDC is committed to fostering an organizational community that is welcoming to a diverse portfolio of projects as well as staff and board members. To that end, CNDC will take steps to ensure that its policies, practices, and organizational culture promote DEI

Goal: Conduct an Equity Audit and create a plan to implement changes to policy or practice suggested by the auditor

Leader: President/CEO

Key Steps:

- Retain a qualified external consultant to conduct an equity audit that includes
 - Review of the demographics of stakeholders including staff, board, project leadership, project staff and project beneficiaries
 - Review of organizational processes, including project recruitment, selection and retention, and assessment of the impact on diversity, equity and inclusion
 - Review of organizational culture, language, decision making, rituals and routines and the impact on inclusion
- Based on outcomes of the audit, develop an action plan for improving diversity, equity and inclusion
 - Solicit input from all key stakeholders including Board, staff and project leaders
 - Document actionable steps to be taken and a timeline for implementation
 - Create milestones to assess progress and mechanisms for ensuring accountability
 - Annually review progress and, if needed, revise the plan to ensure that the organization maintains focus on this priority

DEVELOP METRICS OF SUCCESS ALIGNED WITH CNDC'S MISSION

CNDC's mission is to maximize the impact of nonprofits through fiscal sponsorship to enable all Colorado communities to thrive. While it is difficult to determine if the organization is truly maximizing impact and whether it is enabling communities to thrive, CNDC believes it is important to honestly assess the impact of its work. Historically, CNDC has measured its success through proxies such as its financial position, project satisfaction rates, and the volume of work completed. While such measures may continue to provide valuable insight into the quality of its work, CNDC will also adopt metrics that more accurately

assess the outcomes of its work. This will include considering the outcomes of projects and how CNDC's success contributes to their success.

Goal: Develop metrics of success that align with the mission of the organization, and adopt a process for data collection and review

Leader: President/CEO

Key Steps:

- Collect background data from other organizations
 - Review other nonprofit fiscal sponsor metrics as a point of reference
 - Interview foundation and academic leaders about innovative practices in measuring outcomes
 - Read current literature on best practices in developing metrics of success
- Determine key metrics that matter most for funders, board members and CNDC leadership
- Review feasibility of data collection and determine appropriate reporting period for each metric (monthly, quarterly or annually)
- Create a data dashboard utilizing key metrics
- Build data review into regular Board agendas

CONDUCT A FORMAL IMPACT STUDY

With 20 years of strong performance under its belt, the contributions of CNDC to the nonprofit sector and to the Colorado economy are undoubtedly significant. However, there is not currently a way to quantify the organization's impact. Having more tangible measures of the value of CNDC's work will help with telling the organization's story to key audiences including potential funders, partners and even new projects. It will also help the Board and staff better understand the impact of their work and potentially how to increase that impact. To better quantify its impact, CNDC will engage in a formal impact study. This study will measure both the economic impact of CNDC and the social benefit the organization has provided. It is worth noting that the impact study is closely related to the adoption of new metrics of success. Once the Board has determined the outcome measures that they deem most valuable, the impact study can help with gathering data aligned with those measures.

Goal: Conduct a formal study of the economic and social impact of CNDC over its 20-year history

Leader: President/CEO

Key Steps:

- Using information gathered from the Board's metrics of success as well as other sample impact studies, create and issue an RFP that outlines in detail the desired process and outcomes for an impact study
- Work with a qualified consultant to complete the impact study

- Develop and implement a communications plan for sharing the results with key audiences including funders, projects, government leaders and the media

INVEST IN IT SYSTEMS

One of the potential areas for improvement identified through stakeholder interviews and surveys is the use of technology. Specifically, there was a recognition of a need to make financial information available to projects in real time and to allow projects to share more information digitally. While accounting systems are a first step, there is also a need for CNDC to develop a long-range technology plan, and to create systems to stay on top of advancements in technology that could benefit both projects and internal management.

Goal: Update accounting systems to allow projects to access real time financial data and to conduct more business electronically

Leader: CFO

Key Steps:

- Assess available off-the-shelf systems and identify the system that will best meet the needs of CNDC
- Identify and secure resources needed to transition to the new system
- Create a migration plan and share with projects
- Complete migration
- Train projects
- Create a periodic evaluation of the new system and a process for making incremental improvements

Goal: Create a long-term IT plan that anticipates other needed improvements, identifies resources needed for implementation, and develops systems for monitoring emerging challenges and opportunities

Leader: Vice President

Key Steps:

- Create an IT advisory committee that includes staff, board and project representatives as well as experts in financial, human resource and related technology
- Identify all key IT-related challenges and opportunities
- Identify and prioritize tech-related investments for the next three to five years
- Secure resources need and implement key improvements
- Convene the advisory board 3 to 4 times per year thereafter, with each convening focused on a specific challenge or opportunity CNDC is facing and generate ideas from the committee about potential technology solutions
- Regularly evaluate any new systems and make incremental improvements

STRATEGIES FOR GROWTH

As the situational analysis identified, two factors potentially limiting CNDC's growth are a lack of awareness of the organization and the value of its services, and structural limits with the current business model. Over the next three years, CNDC will develop and implement a communications plan that will articulate the value of its services and share that message with a variety of key audiences. The organization will also study and assess the potential addition of new products to its product mix.

ADOPT A COMMUNICATIONS AND OUTREACH PLAN

Goal: Develop and implement a formal strategic-communications and outreach plan

Leader: President/CEO

Key Steps:

- Convene a communications committee comprised of board members, staff, project representatives and communications professionals
- Conduct a formal analysis of the CNDC value proposition. The analysis will include
 - Measurable value of the services provided to projects – comparing the rates projects could expect to pay for those services to bundled rate offered by CNDC
 - An articulation of the qualitative value of working with CNDC including staff expertise, connections to community partners, and other intangible factors
- Identify CNDC's key market segments, including current projects, future projects, funders, government entities, and the general public
- Develop targeted messages for each key market segment
- Develop an actionable outreach plan and find resources needed to support implementation
- Implement the plan
- Periodically monitor progress and make incremental changes as needed

STUDY POTENTIAL NEW PRODUCTS

Goal: Assess the potential to introduce new products to the CNDC mix and potentially launch one new product over the next three years

Leader: President/CEO

Key Steps:

- Convene an Innovation Committee comprised of staff, board and project representative as well as individuals with expertise in new product/service development
- Develop key criteria for assessing new business opportunities such as
 - Market need
 - Income potential

- Alignment with CNDC mission and vision
- Identify new products to be considered such as
 - Flexible pricing models for projects that require more or less attention than typical projects
 - More comprehensive back-office services for existing C-3's
 - Fee-for service consulting including CEO coaching, fundraising support, IT support and related services
- Identify any potential competitors and assess if CNDC can offer a differentiated product
- Develop high level business plans for those product(s) with the most potential
- Engage the Board in determining which, if any, new products to introduce

STRATEGICES FOR SUSTAINABILITY

With 20 years of history, strong reserves, few competitors, and stable leadership, CNDC is well positioned to maintain its position as the leading fiscal sponsor in Colorado. Still, there is always opportunity to ensure that the organization is putting systems and structures in place to enhance its long-term sustainability. Over the next three years, CNDC will

- Adopt new reserves policies
- Adopt a long-range financial plan
- Create President & CEO succession plan
- Develop a more flexible staffing model

ADOPT RESERVES BEST-PRACTICES

CNDC currently maintains a healthy financial reserve which allows it to weather financial downturns without having to make dramatic changes in staffing or services. However, the Board has not adopted formal policies regarding these reserves. The Board will review best practices in financial management and will adopt formal reserve policies.

Goal: Adopt and implement best-practice policies related to reserves

Leader: Board Treasurer

Key Steps:

- Convene an ad hoc committee with board and staff representatives
- Conduct a brief review of both current and best practices including
 - Setting annual reserve targets
 - Policies for moving operating surpluses into reserves
 - Policies for releasing funds from reserves
- Propose and adopt any new reserve policies

ADOPT A LONG-RANGE FINANCIAL PLAN

Many of the strategies proposed in this plan, such as improving IT systems or engaging professional experts to lead an impact study, create a communication plans, or conduct an equity audit, will require investments that may not be part of the organization's annual operating budget. CNDC will identify desired investments for the next five years, will develop a plan for making those investments, and will ensure that CNDC can achieve the goals it has established. It will also begin to incorporate long-range financial planning into its annual budgeting process.

Goal: Create a 5-year financial plan

Leader: CFO

Key Steps:

- Review strategic priorities and identify those that will require a substantial financial commitment
- Project expected revenue and expenses for the next five years
- Identify gaps
- Determine strategies, such as building reserves or seeking outside funding, to fill those gaps
- Review and revise the long-range financial plan annually in conjunction with the budgeting process

.CREATE PRESIDENT & CEO SUCCESSION PLAN

CNDC has never had to conduct a search for a new President/CEO. While the stability in leadership over the past 20 years has been a great advantage for the organization, the Board should be prepared for an eventual change in leadership, whether in the near or long term. CNDC will develop a succession plan that builds on the current emergency plan and also contemplates a planned transition.

Goal: Develop a long-range succession plan

Leader: Board chair

Key Steps:

- Review, and if necessary, revise the emergency succession plan
- Develop a long-term succession plan
 - Document the key functions of the President/CEO and develop a list of skill and attributes required for the position
 - Create a hiring plan that can be implemented quickly if needed. This should include:
 - Will the Board engage a search firm?
 - Who, from the Board, will lead the process?
 - What is the role of the full board? Staff? Other stakeholders?
 - What is a reasonable hiring timeline?

- Will there be an interim CEO? If so, who will decide on the interim? Will the role of the Board change at all during a interim period?

DEVELOP A FLEXIBLE STAFFING MODEL

As outlined in the situational analysis, a changing workforce offers an opportunity for CNDC to examine its staffing model and determine if changes in its policies and practices would help to attract and retain a qualified staff. There may also be an opportunity to leverage the growing “gig economy” by adding contract positions to fill temporary needs as they arise.

Goal: Review and revise work policies regarding remote work and flex time

Leader: President/CEO

Key Steps:

- Solicit employee input on most valuable potential changes in flex time and remote work policies
- Identify any barriers to changes in policy
- Review new and best practices with comparable organizations
- Implement viable changes
- Communicate with staff the reasons for not making any suggested changes

Goal: Assess the viability of having contract workers available for on-demand work

Leader: President/CEO

Key Steps:

- Review all current positions to determine which, if any, could benefit from supplemental on-demand contracted support
- Determine training needs necessary to build a qualified pool of contract workers
- Estimate demand and cost of creating a contractor pool and decide whether or not to implement

STRATEGIES FOR EFFECTIVE GOVERNANCE

The current Board of CNDC is dedicated, skilled and effective. They enjoy a positive working relationship, have a clear understanding of the roles of staff and board, and have adopted many of the best-practice policies and structures for effective nonprofit management. The board is also committed to continuous improvement. Over the next three years they will:

- Create a long-range board recruitment plan
- Create individual board-member agreements

- Create formal mechanisms for Board leadership transitions
- Create additional mechanisms for affiliation with CNDC

CREATE A LONG-RANGE BOARD RECRUITMENT PLAN

While CNDC has attracted a board with a diverse skill set, board recruitment has not been as strategic as it could be. Over the next three years, the Board will improve and formalize its recruitment practices.

Goal: Develop and implement a long-range board recruitment plan

Leader: Board Chair or Designee

Key Steps:

- Determine which committee, either current or future, is best positioned to oversee Board recruitment
- Review and revise the current board matrix and ensure that it accounts for both professional skills and personal attributes
- Set diversity, equity and inclusion targets informed by the DEI audit
- Assess the strengths and weaknesses of the current Board relative to the ideal matrix
- Develop a list of desired skills and attributes for new Board members
- Create and maintain a list of prospective candidates that fill the gaps in the current Board as well as replace current board members whose terms will expire in the next three years
- Develop a long-range plan for recruiting and retaining those new members including process(es) for evaluating candidates and engaging with prospects prior to election to the Board

CREATE INDIVIDUAL BOARD-MEMBER AGREEMENTS

Individual board members contribute their time and talents to CNDC in numerous ways, but there is currently no formal articulation of the expectations for individual board members and no system for periodically evaluating individual contributions. Over the next three years, CNDC will more clearly articulate how Board members can support CNDC and will adopt agreements with each individual board member.

Goal: Establish specific goals for individual member contributions including time, resources, expertise and access to key audiences

Leader: Board Chair

Key Steps:

- Create a template for a Board agreement that clearly outlines expectations and responsibilities of the Board. At a minimum the agreement should include:
 - Meeting attendance expectations

- Committee assignment(s) and information about committee duties
- Personal financial pledge
- Personal commitment to assist CNDC in other ways such as new Board member recruitment, introductions to potential projects or funders, or activities to improve brand awareness
- Meet individually with each Board member to discuss interests and commitments for the coming year and to finalize agreements
- Create a process for reviewing Board commitments and progress toward goals at year end

CREATE FORMAL MECHANISMS FOR BOARD LEADERSHIP TRANSITIONS

Similar to its Board recruitment process, CNDC has been somewhat opportunistic with its Board leadership transitions. While this has not created any discernable problems for the organization, the Board recognizes that better planning for leadership transitions is best practice. They will, therefore, adopt new policies and procedures specifically for identifying and preparing the incoming board chair.

Goal: Adopt and implement best-practice policies and procedures for board leadership transitions

Leader: Board Chair

Key Steps:

- Review best practices in board leadership transition
- Consider creating roles for a chair elect and/or a past chair
- Determine training needs for incoming chair
- Adopt any needed new policies to support best practices in leadership transition

CREATE ADDITIONAL MECHANISMS FOR AFFILIATION WITH CNDC

Outside of the Board of Directors, CNDC has few opportunities for volunteers to support its work. There is, potentially, an untapped pool of talent that could lend expertise and talent to the organization and even, potentially, provide financial support. CNDC will analyze the potential to create volunteer opportunities and partnerships, particularly in the corporate sector.

Goal: Assess the feasibility of creating additional mechanisms for affiliation with CNDC and potentially implement one or more new structure

Leader: President/CEO

Key Steps:

- Review current practices with other fiscal sponsors to determine if those groups have programs that could be replicated
- Articulate the needs/gaps within CNDC that could be filled through new affiliate groups
- Assess the feasibility for creating additional structures such as
 - Advisory groups within specific industries such as accounting or HR
 - High-level volunteer opportunities for professionals with specific, needed expertise
 - Clerical volunteer opportunities that might reduce the workload for staff
 - Corporate sponsorship programs to generate financial support from industries whose missions are connected to that of CNDC (e.g .accounting firms)
- In conjunction with the board, determine if one or more of these new structures will be implemented and, if appropriate, create a plan for rollout

CONCLUSION

The Colorado Nonprofit Development Center provides transformational support services to some of the state's most essential nonprofit projects. With a 20-year track record of providing high quality financial and personnel management, along with expert guidance and support, CNDC has helped hundreds of projects impact the lives of thousands of Colorado citizens. As the organization continues to evolve, it has an opportunity to better tell the story of its impact, which in turn can lead to new avenues for serving the nonprofit sector. It can also leverage technology and enhance its systems, policies and structures to ensure that it continues to provide the best possible service to its projects. With the implementation of this strategic plan, CNDC can expect to grow and to improve its effectiveness and should enjoy another 20 years of positively impacting communities across Colorado.

APPENDIX A - TIMELINE FOR IMPLEMENTATION

Goal	Lead	2020				2021				2022			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Strategies for Impact													
Conduct equity audit and create action plan	CEO			x	x								
Develop metrics of success aligned with mission	Chair and CEO		x	x	x								
Conduct formal impact study	CEO				x	x	x						
Update accounting systems	CFO		x	x	x								
Create long-term IT plan	VP			x	x	x							
Strategies for Growth													
Develop/implement communications and outreach plan	CEO							x	x	x			
Study potential new products	CEO					x	x	x	x				
Strategies for Sustainability													
Adopt reserves best-practices	Treas.		x										
Develop long-range financial plan and revise annually	CFO				x				x				x
Create CEO succession plan	Chair		x										
Review/revise flex time and remote work policies	CEO	x											
Assess viability of creating a contractor pool	CEO			x	x								
Strategies for Governance													
Create long-term board recruitment plan	Chair		x										
Create individual board member agreements	Chair			x									
Formalize board leadership transitions	Chair				x								
Create additional mechanisms for affiliation	CEO					x	x						