Nonprofit Organizations Respond to the COVID-19 Pandemic

A QUALITATIVE REPORT THAT EXPLORES WHAT'S NEXT

SEPTEMBER 2020



What's Next for 501c Organizations?

To say that much has changed due to the 2020 COVID-19 pandemic is an understatement.

Impacts on how we live, work, and interact are staggering as we have moved to a digital and virtual world. Many scrambled to create a home-based workspace while others lost their jobs. Parents became *de facto* teachers while juggling their workday.

For nonprofit organizations specifically, in person events were cancelled or quickly converted to online interactions that might not quite have hit the mark but provided essential education with opportunities for networking and continued relationship building.

Meanwhile, society became embroiled in social unrest and upheaval across the globe as countries reacted to not only the pandemic's impact but heightened awareness of inequalities between human beings. In the United States, tensions increased to a fever pitch as the country approached a contentious election season.

Global pandemic. Economic loss. Social unrest. Tense US election.

It is within this milieu that Roque Tulips Consulting celebrates its second anniversary.

We celebrate – and we do not use that word ironically – because many new businesses do not survive the first year. As we were picking up steam at the beginning of 2020, like many of our fellow consultants and industry partners, we were hard hit by the economic reality of the pandemic.

Yet we are still standing.

To celebrate our second anniversary, Rogue Tulips conducted its first survey in support of creating a report for the nonprofit community; a community we serve with passion, respect, and dedication.

The purpose of this qualitative study is to capture ideas, perspectives, and a snapshot of the milieu we all face as we move forward. It is our intention to present this not just as a collection of data, but as a reminder that we are all in the same situation.

Charles Dickens wrote in A Tale of Two Cities, "It was the best of times. It was the worst of times." 2020 showed us that even what seems like a bad year can yield creativity, innovation, and insights into how to live differently – and dare we say, live better?

While we did not change our lives by choice, we adapted. This report is nothing if not a reflection of the resilience of the nonprofit community.

Sincerely,
Cecilia Sepp, CAE
Principal & Founder
Rogue Tulips Consulting

September 17, 2020

Purpose

The purpose of this report is to share the perspectives and experiences of those working in a nonprofit organization as staff or as an Association Management Company executive. Those outside these categories are not included in this report.

Rogue Tulips wishes to thank all those who responded to our survey as well as to those who showed an interest in our survey.

Methodology

Rogue Tulips developed a hybrid quantitative/qualitative survey with the purpose of gathering data about respondents' organizations, the impact of the pandemic, and their responses to the situation.

The survey was open to all current association staff and Association Management Company (AMC) executives. Respondents were self-selecting from within the nonprofit community.

Promotion of the survey was conducted using social media, online communities, and personal networks of members of the Rogue Tulips consulting consortium.

The survey was open for fifteen (15) business days in August 2020. 154 individuals entered the survey. 129 respondents began the survey; a total of 91 respondents completed most of the survey. Ultimately, 82 respondents completed the entire survey.

Survey Respondents

Are you

on an association staff?	68.83%	106
an AMC account	14.94%	23
executive?		
	Answered	129

A majority of respondents are on staff at an association.

How is your organization incorporated?

, , , , , , , , , , , , , , , , , , ,			
47.25%	43		
48.35%	44		
4.40%	4		
	2		
Answered	91		
	48.35% 4.40%		

Respondents represent 501c3 and 501c6 organizations in an almost even split.

Two respondents noted that their organization is a c3/c4 or a c3/c6 combination.

What is your organization's annual budget?

	Answered	91
More than \$10 million	17.58%	16
\$5 million - \$10 million	14.29%	13
\$1 million - \$5 million	41.76%	38
\$750,000 - \$1 million	6.59%	6
\$500,000 - \$750,000	7.69%	7
\$250,000 - \$500,000	6.59%	6
\$0 - \$250,000	5.49%	5

The largest segment of respondents works at organizations with a budget of \$5 million or less.

Is your organization

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 Self-Managed (stand-alone 	84.62%	77
staff of at least one person)		
 Managed by an AMC 	14.29%	13
 Volunteer managed (no 	1.10%	1
paid staff)		
	Answered	91

A majority of respondents work at stand-alone organizations.

What is your staff size?

what is your stajj size:		
1	8.79%	8
2 - 5	23.08%	21
6 - 10	19.78%	18
11 - 25	17.58%	16
26 - 50	16.48%	15
51 - 100	4.40%	4
More than 100	9.89%	9
	Answered	91

47 respondents are on staff with 1 to 10 employees.

# of Board members	Responses
5 to 10	19
11 to 15	35
16 to 20	26
21 to 40	9
504	2

Most respondents have a Board with 11 to 15 members.

Prior to the COVID-19 pandemic, would you describe your organization as

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 Brick and mortar (we have a physical space where staff works) 	41.76%	38
 Hybrid (we have a physical space where staff works and remote workers outside the area) 	45.05%	41
 Virtual (all staff work remotely) 	13.19%	12
	Answered	91

Prior to the Pandemic, there was an almost equal split between brick and mortar organizations and hybrid organizations.

Only a few respondents were in a virtual organization.

Post-Pandemic, most respondents will return to their previous physical structure (see next table).

Do you **anticipate permanently changing your organization's physical structure**/use of space based on your experience working during the pandemic?

 Yes, we will change to a completely virtual organization 	9.76%	8
• Yes, we will become a hybrid organization (a physical space with	20.73%	17
remote employees)		
• No, we will maintain our previous structure/use of space once the	43.90%	36
pandemic is over		
 Yes, we will become a brick and mortar organization 	0.00%	0
 Have not decided if we will make a change 	25.61%	21
	Answered	82

In adapting to the pandemic, what is the most significant change your organization has made? (Open End Summary)

Overwhelmingly, the move to a virtual environment was the most significant change noted by survey respondents.

It affected how nonprofit organizations work, communicate, and deliver the member experience. Conferences and other education offerings moving to the virtual realm, board meetings happening on Zoom, all employees working remotely, and networking opportunities disappearing or shifting to the virtual world changed how nonprofits approach their mission.

Quickly moving to identify and provide resources for members impacted by the Pandemic was noted as a necessary shift as previous offerings were not relevant to the current economic situation.

Special events – such as galas – became virtual offerings, and those with chapters made changes to support these components of the organization with assistance to moving to virtual interactions.

Managing a remote workforce and maintaining a cohesive culture was noted as a significant change, especially for organizations that did not work remotely prior to the Pandemic.

Decision making processes such as strategic planning and budget creation were impacted as different approaches were needed to adapt to the Pandemic environment.

Advocacy/lobbying changed due to the inability to meet in person. Shifting this function to the virtual world was a significant adaptation since prior to the Pandemic this was almost exclusively and in person function.

Challenges Pre-and Post- COVID-19 Pandemic

The survey collected qualitative data on pre- and during pandemic challenges. The author organized responses to Questions 11 and 12 into consistent topics for ease of data presentation. Respondents could list 1 to 3 challenges; not all respondents did. This section is an overview/compilation of the most frequently noted challenges.

For those with Chapters, chapter financial stability and ability to offer services were challenges identified due to the pandemic.

Question 11: Consider the period January 1, 2019 to March 1, 2020. Prior to the COVID-19 pandemic, what were your organization's top 3 challenges?

Prior to the pandemic, the following challenges were top of mind for survey respondents:

- Membership Recruitment, Retention and Engagement = 49
- Conference Management = 19
- Advocacy = 12
- Continuing Education = 9
- Diversity + Inclusion = 2

- Financial Stability = 7
- Fundraising = 13
- Governance/Improving Board Governance = 10
- Non-dues Revenue Identification = 17
- Technology Updates = 10
- The Future = 10

Question 12: The pandemic impacted everything. Consider the period since March 1, 2020. What are your organization's top 3 challenges now?

During the Pandemic, the focus has changed to the challenges of a virtual world. Concerns splintered, demonstrating the impact of technological interaction on conferences, member services, and issues related to staff.

- Membership Recruitment, Retention and Engagement = 21
 - Member Service/Value Proposition = 11
- Conference Management = 0
 - Virtual Conference Planning = 22
 - Virtual Events Planning = 6
 - Rethinking In Person Events = 3
- Advocacy = 9
- Continuing Education = 7
- Diversity + Inclusion = 5
- Financial Stability = 17
 - Lost Meeting Revenue = 15
 - Declining Membership/Reduced dues income = 7
- Fundraising = 8
- Governance/Improving Board Governance = 1
- Non-dues Revenue Identification = 8
- Technology Updates = 4
- Staff Management/Retention/Morale/Recruitment = 19
- Virtual Workplace = 5
- Virtual Culture = 2
- The Future = 0

"The Future" was not noted as a challenge in the Pandemic era which at first may seem illogical. But considering organizations are focused on the here and now and ending 2020 as strongly as possible, this makes sense.

Despite significant social unrest in 2020 related to racial equality and equity issues, Diversity and Inclusion was not noted more frequently as a challenge after March 1. Rogue Tulips suggests this is because nonprofit organizations were focused on adaptation to the new environment, which required a shifting of structure and resources to maintain stability in the organization. The ability and opportunity to add new programs or increase current ones were not necessarily available.

It is interesting to note that while Financial Stability as a challenge increased in number of mentions, Fundraising and Non-dues Revenue Identification DECREASED in number of mentions. This is of special note since Lost Meeting Revenue has had a strong impact on the nonprofit organization community.

Rogue Tulips suggests that this could be affected by the sudden application of pandemic safety guidelines and nonprofit organizations reacting to sudden losses of expected income. Rather than seeking more non-dues revenue, nonprofit organizations froze spending, cut expenses, and at times reduced staff size.

In other comments, respondents noted remaining relevant and maintaining market awareness as a challenge after March 1.

Observation: Not knowing when the pandemic will end, and thus when previous business practices such as in person events could be options again, 2021 continues to be an unknown variable.

Observation 2: There was a sharp decline in the number of times that Governance was noted as a challenge during the pandemic. Rogue Tulips suggests this is because technology has allowed Boards to continue their service and to make decisions virtually. Responses to Question 8 on Board decision making inform this observation as most noted their Boards ability to make decisions was not impacted and, in some cases, improved due to more frequent meetings.

What impact did the pandemic have on your organization's Board of Directors ability to govern/make decisions? (Open end summary)

Of the 91 respondents, 64 noted that there was little to no impact on their Board's ability to make decisions.

They cited shifting their in-person board meetings to virtual or noted that they were already holding virtual board meetings prior to the pandemic (thus not affecting the way they conducted board business). Three in this group noted they felt the board decision-making process had improved.

Other respondents pointed out it was more difficult to make decisions due to the cancellation of their in-person board meetings or reduction in number of board meetings. There is a loss of opportunity for in-depth discussion that is had at in-person meetings, which included comments about cancellation of conferences and how this impacted the financial position of the organization.

Additionally, the increased pressure from the pandemic affected the board members' businesses and professions as well. This caused added pressure in the board decision-making process as the board members' focus was elsewhere.

Does your organization have local, regional, or state Components? (Affiliates or chanters?)

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 Yes, we have chapters 	32.97%	30
 Yes, we have affiliates 	9.89%	9
 No, we do not have local/regional 	37.36%	34
components		
 No geographic-based components but we 	6.59%	6
have Special Interest Groups (SIGs)		
 We use a Committee system to engage 	4.40%	4
members (no components or SIGs)		
 We have both Chapters and Affiliates 	2.20%	2
 Other (please specify) 	6.59%	6
	Answered	91

Other: Two respondents noted they are a chapter of a national association and one does not have chapters but works with affiliates. A respondent reported they have state relations staff while another reported, as an AMC, all their clients are state trade associations. The last comment reported they offer a national certification to individuals.

What effect has the pandemic had on your Components' ability to offer

	servic	:es:
 None. Our components are still working. 	20.22%	18
 Some. We had to help them deliver services virtually 	38.20%	34
and provide training to do so.		
 A lot. Our components decided to go on hiatus until 	5.62%	5
the crisis passes.		
 We don't have components. 	35.96%	32
	Answered	89

For 58% of respondents, chapter activity was not affected or affected little. It seems the biggest impact is that chapters needed additional assistance to adapt to virtual delivery of services and interaction.

Staffing & Outsourcing

Many nonprofit organizations look to staff reductions to cut expenses when revenue decreases.

Sometimes Boards move from a stand-alone staff to an AMC to drastically reduce the expense of a stand-alone organization (usually the largest savings is in staff) and to get the savings from being part of a larger organization.

This survey learned that despite the majority of respondents being on staff at smaller, lower budget organizations, staff size has remained the same during the first three months of the Pandemic lockdown – the most uncertain period of the year due to lack of information on the COVID-19 virus and the cancellation of multiple in-person conferences that are a large part of annual nonprofit organization revenue.

Looking to the end of 2020, respondents anticipate maintaining or increasing their staff size and plan to continue using their current stand-alone organization model.

Consider the period March 1 to June 30, 2020. Did your organization change its staff size due to the impact of the COVID-19 Pandemic?

 Increased 	6.10%	5
 Decreased 	12.20%	10
Stayed the same	73.17%	60
We are managed by an AMC	8.54%	7
 We are volunteer managed (no paid staff) 	0.00%	0
,	Answered	82

Project to the end of 2020. When it comes to staffing at your organization

		Answered	82
•	We are volunteer managed (no paid staff).	0.00%	0
	 We are managed by an AMC. 	9.76%	8
•	We anticipate increasing current staff size.	14.63%	12
•	We anticipate decreasing current staff size.	8.54%	7
•	We anticipate maintaining current staff size.	67.07%	55

Does your organization anticipate changing its staffing or management model in response to the COVID-19 pandemic?

 We anticipate changing to an AMC 	0.00%	0
 We anticipate maintaining our stand-alone staff 	76.83%	63
 We anticipate moving from our current AMC to a stand-alone staff 	1.22%	1
 We anticipate changing to a different AMC 	0.00%	0
 We anticipate remaining with our current AMC 	12.20%	10
 We have not considered this 	9.76%	8
 We are volunteer managed (no paid staff) 	0.00%	0
	Answered	82

"Outsourcing" includes working with consultants, industry partners, and other service providers to support your organization. Does your organization anticipate

 increasing outsourcing 	20.	73% 17
 decreasing outsourcing 	15.	85% 13
 maintaining current outsourcing 	50.	00% 41
we don't outsource	13.	41% 11
	Answered	82

As staffing remains stable, respondents reported that a majority will maintain current outsourcing levels. 35% of respondents will increase or decrease outsourcing.

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Conferences and Events

In the 501c community, the COVID-19 pandemic significantly impacted the delivery of in-person conferences (e.g., annual meetings) and in-person educational/networking meetings. Consider the period March 1 to June 30, 2020. [select all that apply] Did your organization

	,	
Cancel an in-person conference/meeting	62.20%	51
 Re-schedule an in-person conference/meeting 	30.49%	25
 We don't offer in-person conferences or meetings 	2.44%	2
• Cancelled annual conference and converted another meeting to virtual	32.93%	27
• Everything is on hold until 2021	14.63%	12
 Cancelled a meeting and converted annual conference to virtual 	37.80%	31
 We cancelled, rescheduled AND converted at least one 	40.24%	33
	Answered	82

Not surprisingly, due to the Pandemic restrictions on in-person activities, many respondents canceled an in-person meeting or conference. As noted in other sections of this report, nonprofit organizations responded by shifting continuing education, meeting, and sometimes annual conferences to virtual formats.

As noted in the above table, re-scheduling and virtual configurations were common responses fueled by the need to deliver member value and to continue revenue streams.

Moving forward, as noted in the next table, most organizations plan to increase their virtual events/education in 2021.

Comparison of <u>Estimated</u> % of Virtual Events/Education Pre and Post Pandemic (2020 v. 2021)

% of Virtual Events/Education: Pre-Pandemic 2020	% of Virtual Events/Education: Post-Pandemic 2021
<mark>0% = 25</mark>	<mark>0% = 3</mark>
1-5% = 4	1-15% = 3
10-15% = 12	20-25% = 7
20-25% = 19	30-50% = 19
30-65% = 23	51-70% = 9
<mark>70-80% = 6</mark>	<mark>75-80% = 27</mark>
	85-100% = 13

What impact did the pandemic have on how your organization manages sponsor/corporate partner relationships? (Open End Summary)

A large segment of conference/event budgets rely on Sponsors, Exhibitors, and Corporate Partners.

Not surprisingly, sponsor/corporate partner relationships were strongly impacted by the Pandemic regarding in person meetings. Many of the respondents noted that their organization lost revenue due to meeting cancellations (where Exhibitors/Sponsors get the most exposure to target markets).

Some noted a sense of uncertainty in the current environment regarding the future of these relationships.

Creativity in providing value to Sponsors/Corporate Partners was noted as respondents worked to find opportunities at virtual events or via other avenues. A trend in responses is that organizations are creating more personalized experiences for Sponsors/Corporate Partners; organizations are having more one-to-one conversations with Sponsors/Corporate Partners and using focus groups to identify new areas of value or improve existing ones.

There is a sense of excitement as organizations try new approaches to maintaining and growing Support Programs.

Advocacy and Government Relations

Does your organization have an advocacy or public policy program?

public policy program.		
Yes	69.51%	57
No	30.49%	25
	Answered	82

2020 has been an unusual year - global pandemic and a US presidential election to name a few things. Do you believe your organization is prepared to respond to the challenges of the evolving public policy environment? (Open End Summary)

Overwhelmingly, respondents believe their organization is ready to handle anything in the public policy environment. Some noted they are "Absolutely!" ready for the challenges ahead.

A small group of respondents to not believe they are ready and noted they need to evolve their program or find additional resources to support Advocacy efforts.

Approaches to Advocacy and Public Policy include working with other organizations and/or focusing on a few key issues rather than a far-reaching program.

To Answer Our Initial Question: What's Next?

Will Rogers, an American entertainer and philosopher, said "If you don't like the weather, wait a minute." While this was a comment on the weather of the Midwestern United States, it equally applies to the ever-evolving world in which nonprofit organizations operate.

Looking for the next big challenge or disaster? Wait a minute.

This data reveals that while nonprofit organizations of all sizes had to come to grips with the first global challenge of the 21st Century, smaller organizations appear to have fared better than anticipated. At the outset of the pandemic, there were conversations about the number of nonprofit organizations that would "go away" through mergers or closing their doors.

Yet most are still standing -- and in remarkably similar form to the pre-Pandemic environment.

What's next is the embracing of a trend that developed over a period of years: virtual interaction and digital delivery. The biggest impact as noted previously in this report is the forced implementation of real-time communication/interaction technology across organizations that is leading to innovation in virtual conferences, meetings, and education.

Governance is positively impacted by virtual meetings and interactions. As noted in this report, Board decision making was not impacted due to the pandemic and in some cases improved. Governance became less of a challenge Post-Pandemic.

It seems virtual interactions have shown nonprofit organizations that models can change.

There is an unexpected positive message in this data. Unexpected because with the loss of major revenue sources like in-person conferences and meetings, and the accompanying sponsorship and exhibitor dollars, an anticipated response would be that things were changing for the worse.

Despite decreasing revenue, respondents reported that their organizations remained stable in model, staffing, and outsourcing. What changed dramatically, again, is the offering of virtual interactions rather than in-person interactions.

Rogue Tulips predicts that 501c organizations will continue to evolve as hybrid entities, combining the power of virtual interactions with the benefits of in-person connections.

There will be more hybrid conferences (in-person and virtual sessions) that bring together more members and stakeholders than in-person only. Sponsors, Exhibitors, and Corporate Partners will be offered more unique opportunities and programming, changing, and possibly increasing revenue from this source.

More opportunities to participate in real-time (such as local chapters or affiliates, or special interest group networking) will be offered using technology. International participation will increase due to virtual implementation. It is possible that members and stakeholders will see an increased value proposition.

Governance could become more streamlined and decisions made more quickly as nonprofit organizations and their Boards of Directors fully implement technology for meeting and sharing information.

These opportunities present themselves fully now due to the Environmental Factor of the Pandemic. Without that pressure, it is hard to predict how long it would take for nonprofit organizations to realize the power and potential of virtual interactions and digital delivery.

The final question in our survey (see following table) is a strong statement that there <u>WILL</u> be a next. Nonprofit organizations are creating "the next" through its ability to adapt to an ever-evolving environment.

Do you believe your organization will still exist in 3 years?		
Answer Choices	Responses	
Yes	100.00%	82
No	0.00%	0
	Answered	82

Principal Author of this Report

Cecilia Sepp, CAE, CNAP Principal & Founder

Cecilia founded and owns Rogue Tulips LLC, a 501c consulting consortium committed to finding inspired solutions to the unique challenges facing clients in the 21st Century. Cecilia is a dynamic, flexible association executive who partners with clients to find the answers to the questions they face. She is known for embracing creativity, innovation, and promoting the advantages of 21st Century opportunities to inform, connect, and communicate.



Through the years, she has made things happen as an association CEO, an ASAE leader, and as an association management consultant who's partnered with small volunteer groups to large global professional societies to advance their organizations. Her specialties include Strategic Planning, Research, Membership, Finance and Operations, Board Relations, Component Relations, Communications, Team Leadership, and Fundraising. In July 2018, Cecilia founded the 501c Professional Mentoring Network, a volunteer program bringing valuable connections to professionals working and serving 501c organizations.

https://www.linkedin.com/in/ceciliasepp/

With Agnes Amos-Coleman, Cecilia co-hosts a weekly web series for 501c organizations: "Chatting with Agnes & Cecilia." Our complete playlist can be viewed using this link: http://bit.ly/RoqueTulipsChatting

Thanks to the Rogue Tulips Consultants Network!

We thank the members of our Consulting Network for their assistance and input with development of this study. Learn more about our network here https://www.roguetulips.com/consultants-network

- Agnes Amos-Coleman, CMP
- Michael Butera
- Anne DarConte, CAE
- Gerry Frank
- Elisa Pratt, CAE
- Bruce Rosenthal

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Firm Overview

We are a consulting consortium positioned to serve associations in the 21st Century.

Rogue Tulips LLC is an association management firm and consulting consortium of 501c experts, connecting the best and the brightest of the 501c organization consulting world. The professionals in the Rogue Tulips Network have years of experience working with associations and other 501c organizations, bringing together expertise across the domains of 501c practice.

Our Mission

Our passion for working with 501c organizations fuels our mission: to find inspired solutions to the unique challenges facing our clients in the 21st Century. We do this by using of the moment technology and new thinking.

Our Vision

To support the creation of a thriving and successful 501c community.

We believe that all 501c organizations should have access to high-quality professional services that are budget friendly.

Our virtual model allows us to offer affordable fees since we do not have the same overhead that a brick and mortar organization might need to cover.

Rogue Tulips is dedicated to high-quality professional service that is ethical, compassionate, and thoughtful.

Our Services

501C CONSULTING

501c organizations are complex organisms. Rogue Tulips LLC prepares individualized plans for our clients with a unique team to provide successful outcomes in the areas of:

- The Member Experience: including models, marketing, recruitment/retention, value proposition, member programs (like mentoring), and more.
- Strategy development and planning
- Component (chapter) relations
- Government Relations and Advocacy
- Communications and Marketing
- Social Media and Digital Strategy
- Governance and Leadership Development
- Meetings/event planning
- Research and analysis quantitative and qualitative (surveys, focus groups, interviews)

Rogue Tulips LLC provides a wealth of experience, knowledge, and expertise that supports your organization's goals. Having served as senior leaders in associations, our consultants bring knowledge and experience into real world application.

ASSOCIATION MANAGEMENT

From new, smaller 501c organizations to well-established multi-tiered entities, Rogue Tulips LLC provides association management services to fit every need, budget, and size. From outsourcing a single position to overall daily and long-term operations, our experienced team successfully supports the mission of your 501c organization.

Rogue Tulips is committed to providing service with passion and commitment to both our client organizations and their stakeholders.

Curated Consultants Network

To best serve our clients in the 501c community, we **curate a network of high-level consultants** that provide additional expertise and skills as needed for the management of 501c organizations.

Learn more here: https://www.roguetulips.com/consultants-network

Our clients have long recognized the value of engaging Rogue Tulips to enhance their association management strategies and have received the considerable benefit of our expertise while leveraging their in-house resources.

Rogue Tulips is uniquely positioned to offer high-quality, professional services to nonprofit organizations with our experienced leadership team and our curated Consultants Network. As a virtual organization, we are mobile, digital, and can work across the United States.

Bloom Outside the Box!



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