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Nonprofit Leader Strategies for Revenue Growth and Financial Sustainability

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This is to certify that the doctoral study by

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has been found to be complete and satisfactory in all respects,
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Abstract

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MS, Florida International University, 2016

MAFM, Keller Graduate School of Management, 2013

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MBA, The University of Tulsa, 2009

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Consulting Capstone Study Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Business Administration

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Abstract

Nonprofit leaders must ceaselessly endeavor to become more entrepreneurial by accumulating strategies for growing organizational revenue and promoting financial sustainability when charitable contributions cannot fund their business operations. The failure to obtain charitable contributions can lead to nonprofit closure. Grounded in behavioral portfolio theory, the purpose of this qualitative single case study was to explore strategies a leader of a small Wisconsin nonprofit used to increase revenue and financial sustainability when charitable contributions were insufficient to finance business operations. Data collection included semistructured interviews; organizational documents and reports; financial records and reports; social media; and internet reports. Data were analyzed using thematic analysis and two themes emerged (a) funding diversification and (b) converting income into cross-selling opportunities. A key recommendation is for nonprofit leaders to regularly analyze the income sources within their revenue mixes to identify cross-selling opportunities. The implications for positive social change include the potential to deliver more goods, services, and employment opportunities to individuals, families, communities, and society.

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Dedication

I dedicate my academic research to my mother, Sandra Hoskins, who lost her struggle with cancer at age 38 when I was only 12 years old. As a social worker, she served her community and its most underserved, impoverished, and under-loved without fail, ego, or ambition. She rarely went a day without inspiring those around her. She was one of the good ones. My life has never been the same without her. I know with certainty that even though I lost her early, my dedication to serving others and improving our world sprang from watching her help those who needed it most. I miss her smile, but I feel its presence with this achievement.

Acknowledgments

I thank Dr. Rocky Dwyer, my chair and mentor, for continually providing positive and constructive feedback to keep my research and writing progressing toward completion. It has been a trying yet rewarding journey, and I could not have completed this research without your intelligence, candor, and generosity. I am forever indebted to you. I thank Dr. Peter Anthony, my second committee chair, for providing a significant review of and input into my research as I pushed through significant hurdles and crucial milestones. Your positive words and much-needed support made completing this project more manageable. I thank Dr. Denise Land, my university research reviewer, for her consistent and thoughtful input into my research product and its adherence to objectivity and fairness. I thank my Walden University and residencies faculty and staff who helped me through to the end of this research and completing my Doctor of Business Administration degree. I thank my extended family and friends who supported me in this academic pursuit and accomplishment, understanding when I could not attend events and activities. I thank my girlfriend for encouraging me to succeed in this pursuit, no matter how difficult it became, and for picking up the slack in my personal life when I had no time. I thank my daughter for being a limitless source of understanding, a respite from demanding work and academic demands, and understanding what I have been going through these past three years. She became an undergraduate nursing student the same year I became a Doctor of Business Administration student, so we have done a fair share of commiserating together. Lastly, I want to thank my client organization and contact for allowing me a window into their world and an opportunity to improve it.

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Section 1: Foundation of the Study

I used the 2019–2020 Baldrige Excellence Framework (Baldrige Performance Excellence Program, 2019) to explore nonprofit organization leaders' strategies to grow organization revenue for financial sustainability when charitable contributions cannot fund business operations. I functioned as a scholar consultant in conjunction with my role as a researcher in completing Walden University's Doctor of Business Administration (DBA) consulting capstone requirements.

Background of the Problem

Leaders of nonprofit organizations contribute to business practices, economies, and societies. For example, there were more than 1.78 million 501(c)(3) nonprofit organizations registered with the Internal Revenue Service (IRS) of the United States of America (USA) in 2019 (Internal Revenue Service, 2020), which added an estimated $1,185.33 trillion to the U.S. economy (Federal Reserve Bank of St. Louis, n.d.) in 2019, which represented 5.53% of its Gross Domestic Product (GDP). Despite their impact on the GDP and the economy, these registered nonprofit organizations have only had stable levels of charitable contributions since 1978 (Giving USA Foundation, 2020). The convergence of the substantial number of nonprofits with stable charitable giving could force nonprofit organization leaders to question whether they have crafted proper strategies for ongoing revenue growth and continued financial sustainability. Nonprofit organization leaders who do not have sufficient growth in annual revenues to support current operations and avoid financial instability face the potential for service disruptions and financial management difficulties (Denison et al., 2019). Nonprofit organization leaders can avoid such disruptions and financial instabilities that damage business practices, economies, and societies by developing strategies to grow organization revenue for financial sustainability when charitable contributions cannot fund business operations.

Problem Statement

Nonprofit organization leaders often struggle with managing financial sustainability due to the conflicting aims of revenue growth and revenue stability (Denison et al., 2019, p. 56). Heightening these financial struggles are (a) the competitive pressures that nonprofit organization leaders face from the 1,718,233 registered nonprofit organizations in the USA (Internal Revenue Service, 2020, p. 29), an increase of 8.37% from the 1,585,479 registered organizations in 2006 (Internal Revenue Service, 2007, p. 56), and (b) the flatlining of charitable contributions at an average of 1.90% of USA GDP since 1978 (Congressional Research Service, 2020, p. 15; Giving USA Foundation, 2020, p. 52). The general business problem was that some nonprofit organization leaders cannot grow organization revenue for financial sustainability. The specific business problem was that some nonprofit organization leaders lack strategies to grow revenue for financial sustainability when charitable contributions cannot fund business operations.

Purpose Statement

The purpose of this qualitative single case study was to explore the strategies that nonprofit organization leaders employ to grow organization revenue for financial sustainability when charitable contributions cannot fund business operations. The target population for my study was the leadership of a small nonprofit organization found in Wisconsin, in the United States, which developed and implemented successful strategies to grow revenue for financial sustainability in funding the organization's business operations. The possibilities for positive social change from my research study could enable leaders of nonprofit organizations to deliver more services to needy individuals, families, and their communities and raise employment possibilities for individuals, families, and their communities.

Nature of the Study

Researchers choose from three research methods: qualitative, quantitative, and mixed. Researchers use the qualitative approach to interpret, narrate, and analyze real-world phenomena (Taguchi, 2018) by exploring their subjective meanings (Yin, 2018). The qualitative researcher learns what participants think about a phenomenon with open-ended inquiry using less quantifiable data, while quantitative researchers integrate and measure data using statistical methods and projections (Jones et al., 2019). I did not use the quantitative method because I did not study any variables' characteristics or quantitative relationships. The mixed method merges quantitative and qualitative methods to understand a phenomenon and answer the research question (Dopp et al., 2019; Jones et al., 2019). I did not use the mixed method because I did not study variables' characteristics of quantitative relationships. I chose the qualitative research method because it best suited my purpose of exploring nonprofit organization leaders' strategies for growing organization revenue for financial sustainability.

Qualitative researchers typically choose from five research designs: ethnography, narrative, phenomenological, grounded theory, and case study. Researchers select ethnographic designs to study the cultures of groups of people by directly taking part in their activities (Brewer, 2000), narrative designs to study individual lives and histories through participants' stories (McNulty & Zattoni, 2013), phenomenological designs to document common group understandings of a phenomenon and shared experiences (Moustakas, 1994), and grounded theory designs to analyze data to discover or construct theory comparatively (Tie et al., 2019). I did not use an ethnographic design because I did not document cultural groups in their natural settings. I did not choose a phenomenological design because I did not collect individuals' life histories. I did not use a narrative design because I did not capture common group understandings. I did not use a grounded theory design because I did not look for theories in comparative data. I chose a single case study design to explore a single nonprofit leader's strategies to grow organization revenue for financial sustainability when charitable contributions cannot fund business operations, which was a contemporary, in-depth, real-world inquiry into a social science phenomenon (see Yin, 2018) and consistent with qualitative business management research (see Welch et al., 2013). Researchers use multiple case study designs to replicate their findings across multiple case studies (Saunders et al., 2015). I did not replicate my findings across multiple cases. Therefore, I did not use a multiple case study approach.

Research Question

What strategies do nonprofit organization leaders use to grow organization revenue for financial sustainability when charitable contributions cannot fund business operations?

Interview Questions

1. What strategies do you use for revenue growth when charitable contributions cannot fund your business operations?
2. What strategies do you use for financial sustainability when charitable contributions cannot fund your business operations?
3. What knowledge do you use to create or support your organization's revenue growth and financial sustainability strategies?
4. What skills do you and your organization's employees use or need to develop for creating or supporting your organization's strategies for revenue growth and financial sustainability?
5. How do you measure the efficacy (or ability) of your strategies for revenue growth and financial sustainability to achieve the desired outcomes?
6. What are your organization's key processes for developing and implementing strategies for revenue growth and financial sustainability?
7. How do you measure the efficiency (or effort required) of the processes for implementing your strategies for revenue growth and financial sustainability to achieve the desired outcomes?
8. How do you measure the effectiveness (or success) of your revenue growth and financial sustainability strategies to achieve the desired outcomes?
9. What additional information would you like to share about your organization's strategies for revenue growth and financial sustainability when charitable contributions cannot fund all your business operations?

Conceptual Framework

Behavioral portfolio theory was the conceptual lens for this qualitative single case study. Shefrin and Statman (2000) created behavioral portfolio theory to explain investor decision-making that does not solely focus on portfolio value maximization with mean-variance considerations. Nonprofit organization leaders cannot always meet their organizational missions and support their services by maximizing their revenue portfolios at acceptable levels of risk and covariance. Shefrin and Statman theorized that investors select portfolios with competing aims of expected wealth, security, desired potentials, different aspirations, and probabilities of achievement in behavioral portfolio theory. These considerations can result in portfolios where investors layer aspirations into a pyramid structure of high-risk and low-risk returns without regard for covariance. I expected behavioral portfolio theory to be a proper lens for this study because the theory can explain how nonprofit organization leaders grow revenue for financial sustainability while balancing the competing considerations of risks, returns, probabilities, and missional aspirations and outcomes.

Operational Definitions

Behavioral portfolio theory: A portfolio theory of finance that expects investors to select portfolios with both extremely risky and extraordinarily safe holdings due to competing considerations of expected wealth, security, potentials, aspirations, and probabilities of aspirational achievement, which they layer into behavioral portfolios resembling layered pyramids of aspirations (Shefrin & Statman, 2000).

Nonprofit financial capacity: The state of a nonprofit organization having (a) the short-term resiliency to progress towards long-term goals and survive occasional economic shocks, measurable as positive annual unrestricted net asset growth, and (b) the long-term ability to support or expand its mission services, measurable as positive annual total asset growth (Bowman, 2011).

Nonprofit financial stability: The state of a nonprofit organization having the required (a) revenue stability and (b) fund balance (restricted and unrestricted net assets) for survival (Carroll & Stater, 2009).

Nonprofit financial sustainability: The state of a nonprofit organization having (a) short-term financial capacity, measurable as positive annual unrestricted net asset growth, (b) long-term financial capacity, measurable as positive annual total asset growth, and (c) long-term financial capacity that grows at a rate at or exceeding the long-term rate of inflation (Bowman, 2011).

Nonprofit financial vulnerability: The state of a nonprofit organization that is unlikely to meet its (a) short-term objectives of remaining resilient to financial shocks and working towards long-term goals and (b) long-term objectives of maintaining or expanding its service offerings, which are measurable in terms of (c) short-term financial resource inadequacies and annual nonprofit deficits and (d) long-term nonprofit deficits below the maintenance values of assets at replacement costs, respectively (Bowman, 2011).

Nonprofit revenue diversification: The state of a nonprofit organization having an equivalent mixture of total revenues across donative (private gifts and public grants), earned, and investment incomes, which is the opposite of nonprofit revenue concentration and quantifiable with derivations of the Hirschman-Herfindahl Index measuring revenue structure across income types (Carroll & Stater, 2009) and similar measures.

Nonprofit revenue growth: The state of a nonprofit organization with a positive increase in the six-year average percentage change of its total annual revenues (Denison et al., 2019).

Nonprofit revenue mix: The stratification of an organization's revenue structure into income types, expressed either as the percentage of donative revenues to commercial revenues (Teasdale et al., 2013) or the percentage of each income type to total revenue (Carroll & Stater, 2009).

Nonprofit revenue stability: The state of a nonprofit organization having conformed its actual revenues to its budgeted (expected) revenues (Jordan et al., 2017).

Nonprofit revenue volatility: The annual percentage deviation of a nonprofit organization's actual revenues from its expected (budgeted) revenues (Carroll & Stater, 2009).

Assumptions, Limitations, and Delimitations

Assumptions

Assumptions are the implicit underpinnings of research (Kirkwood & Price, 2013) that researchers assume to be true. My first assumption was that a qualitative, single case study design was the best means of exploring the business problem. My second assumption was that participants would supply good faith and accurate responses. My third assumption was that a single case study design would enable collecting data to explore nonprofit organization leaders' strategies to grow revenue for financial sustainability when charitable contributions cannot fund business operations.

Limitations

Limitations are potential weaknesses beyond the researcher's control, associated with research design, and potentially impactful to research results and conclusions (Theofanidis & Fountouki, 2018). In this study, there were limitations. The first limitation was the small sample size for this study, which potentially limits the generalizability of the study results and conclusions to other applications. The second limitation was the reliance on participants to recall events and experiences from the past, which might not reflect reality and could affect the data's accuracy. The third limitation was my ability to interview participants and extract correct and complete information. The fourth limitation was the limited time and experience of the participant's employment with the organization.

Delimitations

Delimitations are limits or boundaries the researcher sets within their control governing theoretical backgrounds, objectives, research questions, variables under investigation, and samples (Theofanidis & Fountouki, 2018). The first delimitation was the usage of a single case study design, which limits the scope of the study to one organization in the midwestern region of the United States. The second delimitation was the restriction of the participants to one nonprofit organization instead of representing a more significant nonprofit industry in the United States.

Significance of the Study

Contribution to Business Practice

Nonprofit organization leaders must be more entrepreneurial to deal with the growing competition for government grants and funding (Denison et al., 2019). These leaders can enhance the competent practice of nonprofit business by employing the findings of this single case qualitative study. Supplying strategies to leaders in the global nonprofit industry to become more entrepreneurial in growing organization revenues for financial sustainability when charitable contributions cannot fund business operations could enable nonprofit organization leaders to make their organizations more efficient and effective. Nonprofit organization leaders could reduce dependence on government grants and charitable gifts in their revenue mixes and streamline service offerings to those most impactful and sustainable.

Implications for Social Change

Positive social change results from the initiatives of individuals to transform thoughts, behaviors, relations, institutions, and societal structures (Stephan et al., 2016). Using or adapting the findings of this single case qualitative study could catalyze nonprofit organization leaders to affect general beneficial social change. Supplying strategies to leaders in the global nonprofit industry to become more entrepreneurial in growing organization revenue for financial sustainability while decreasing dependency on charitable contributions to fund business operations could enable nonprofit organization leaders to maintain or increase the breadth, scope, and efficacy of their organizations' goods and services deliveries to individuals, families, and communities.

A Review of the Professional and Academic Literature

The purpose of my qualitative single case study was to explore nonprofit leader strategies to grow organization revenue for financial sustainability when charitable contributions cannot fund business operations. Nonprofit organization leaders often struggle with managing revenue growth and revenue stability in service to their missions (Denison et al., 2019). I conducted a literature review to create a critical and exhaustive analysis and synthesis of my conceptual framework and research topic.

Researchers must underpin knowledge advancement with proper research when completing a literature review. Business researchers and scholars review literature to systematically collect and synthesize extant research into solid foundations for advancing knowledge and research (Snyder, 2019). I conducted my literature review by searching databases, including Emerald Management, ABI/INFORM Global (ProQuest), ABI/INFORM Collection (ProQuest), ProQuest Central (ProQuest), Social Science Database (ProQuest), EBSCOHost, Google Scholar, ScholarWorks, Sage Premier, and Pearson Education. To complete the search for appropriate research, I used the following keywords: *behavioral finance, behavioral portfolio theory, mental accounting, portfolio theory, modern portfolio theory, nonprofit finance, nonprofit financial management, nonprofit financial sustainability, nonprofit financial stability, nonprofit financial vulnerability, nonprofit financial health, nonprofit revenue growth, nonprofit revenue stability, nonprofit revenue diversification, nonprofit revenue, nonprofit revenue mixes, nonprofit sustainability, nonprofit funding,* and *nonprofit governance*. To confirm a journal's status as peer-reviewed, I completed an assessment by reviewing the journal of publication's website and searching Ulrichsweb Global Serials Directory. By conducting keyword searches and peer-review confirmations, I ensured that my research met the criteria of knowledge advancement and proper research.

The Walden University DBA program leadership instructed me to perform an exhaustive review and presentation of academic literature to show academic peer review scrutiny and currency. I met this requirement by ensuring the academic sources were peer-review. Table 1 is an overview of my literature review source content.

Table 1

Literature Review Source Content

Literature review content	#	%	# before 2018	% before 2018	# between 2018–2022	% between 2018–2022
Peer-reviewed articles	94	87.04	28	29.79	66	70.21
Non-peer-reviewed articles	6	5.56	0	0	6	100.00
Books	2	1.85	0	0	2	100.00
Online resources	6	5.56	2	33.33	4	66.67

Application to the Applied Business Problem

My research and assembly of relevant academic literature aligned with the purpose of my qualitative single case study, which was to explore strategies of nonprofit organization leaders to grow organization revenue for financial sustainability when charitable contributions cannot fund business operations. Behavioral portfolio theory was the conceptual lens for my study. The target population for my study was the executive leadership of a small nonprofit organization in Wisconsin. I accomplished my research purpose by establishing a scholar-consultant relationship with my nonprofit client organization leader to evaluate the strategic and business processes of the organization. I used my selected academic research and conceptual framework of behavioral portfolio theory to evaluate and provide scholar consultant services to my client organization while aiming to improve nonprofit organization leaders' understanding of how to grow revenue for financial sustainability when charitable contributions cannot fund business operations. The result of my research and synthesis of relevant academic literature in relation to my conceptual lens enabled me to find how nonprofit organization leaders grow revenue for financial sustainability when charitable contributions cannot fund business operations. I also found nonprofit organization leaders balancing these activities with the competing, complex considerations of mission aspirations and outcomes. I hope to contribute to positive social change with my study findings by enabling other nonprofit organization leaders to deliver more services and improve employment possibilities for individuals, families, and communities. By researching and assembling relevant academic literature aligned with the purpose of my qualitative single case study, I explored the strategies of nonprofit organization leaders to grow organization revenue for financial sustainability when charitable contributions cannot fund business operations. I codified my aligned academic literature research into the subsequent presentation of my conceptual framework of behavioral portfolio theory, my research topic of nonprofit organization finance, and my contrasting and rival theory of modern portfolio theory (mean-variance theory).

Conceptual Framework: Behavioral Portfolio Theory (BPT)

Shefrin and Statman created BPT in 2000 from a void in several traditional, foundational finance theories. Shefrin and Statman (2000) developed BPT as a positive portfolio theory to address the growing divide between practical and theoretical finance (Leković, 2019). Shefrin and Statman codified BPT within the behavioral finance innovation, which included human psychology in financial decision-making (Leković, 2019). Behavioral finance scholars extended the behavioral finance revolution from the bounded rationality assumptions of H. A. Simon (1955). Behavioral finance scholars, a hegira from the conventional, rational decision-making approaches to finance (Veni & Kandregula, 2020), framed a more realistic view of human financial behavior than traditional theories supported by perfect rationality (Leković, 2019). For instance, traditional finance scholars emphasized two critical pillars: perfectly rational human behaviors and the full efficiency of markets (Lebdaoui et al., 2021). Behavioral finance scholars oppose such assumptions in favor of more realistic views and observed human behaviors (Khan et al., 2021). Behavioral finance scholars described routine financial and investment decision-making as irrational due to cognitive biases, misdirected emotions, imperfect information, bounded rationalities (Leković, 2019), and similar limitations. Shefrin and Statman developed their behavioral finance model more as a descriptive behavior of human financial decision-making than a prescriptive model (Feldman & Liu, 2022). Shefrin and Statman crafted BPT by extending Roy's (1952) safety-first portfolio theory, Lopes's (1987) security-potential/aspirations (SP/A) theory, and the mental accounting framework of Kahneman and Tversky's (1979) prospect theory. I discuss these foundations subsequently.

Theoretical Foundations of BPT

Safety-First Portfolio Theory. Roy created the safety-first portfolio theory in 1952. Roy (1952) offered that investors can minimize the probability of their financial ruin, which entails their terminal wealth falling below their subsistence level, by selecting portfolios that reduce the probability of their minimum desired returns being less than their minimum subsistence levels (Roy, 1952; Shefrin & Statman, 2000). The optimum portfolio of Roy's safety-first theory was the asset selection with the lowest probability of financial ruin. Roy also asserted that optimal safety-first portfolios are mean-variance efficient. However, subsequent and contradictory academic researchers' debates surfaced to dispute this assertion (Shefrin & Statman, 2000). Roy's safety-first portfolio theory laid significant foundations for the overall development of behavioral finance and, specifically, BPT.

SP/A Theory. Lopes crafted the SP/A theory in 1987 by extending Roy's (1952) safety-first portfolio theory. Lopes (1987) created a theory that described rather than prescribed human decision-making under uncertainty (Leković, 2019). Lopes asserted that human emotions, including aspirations, fears, and hopes, affect human decision-making and oppose the perfect rationality frameworks of traditional finance theories (Leković, 2019). Lopes theorized the evaluation function of a decision-maker choosing between the competing aspirations of security (S) and potential (P) by weighting the success probabilities of these two aspirations (A; Shefrin & Statman, 2000). Roy offered that investors aim to minimize the probability of their financial ruin, which results in their terminal wealth falling below the subsistence level. Lopes's conceptions of security and aspirations parallel Roy's safety construct by avoiding low wealth and targeting specific return values, respectively; however, there was no parallel in Roy's safety-first framework to Lopes's potential construct (Shefrin & Statman, 2000). In SP/A theory, Lopes estimated that fear governed human aspirations for security (S) from poverty avoidance, resulting in individuals that overestimate worse-case likelihoods, and hope regulates human aspirations for potential (P) to reach higher levels of wealth, resulting in individuals that overestimate best-case likelihoods (Leković, 2019). Interestingly, Lopes asserted that fear or hope could live in harmony with each other in the human decision-making function without dominating each other (Leković, 2019). Lopes's descriptive finance theory improved and extended traditional finance and the work of earlier finance scholars.

Prospect Theory. Kahneman and Tversky published prospect theory in 1979. Their work represented an early finance theory constructed on experimental methods (Veni & Kandregula, 2020), which described actual human behavior rather than optimal human behavior and supplied the critical psychological components for subsequent behavioral approaches to portfolio selection (Shefrin & Statman, 2003). Kahneman and Tversky (1979) developed the descriptive theory of finance to study the human psychological perspectives of financial decision-making under uncertainty (Veni & Kandregula, 2020) when individuals face risky or riskless choices (Shefrin & Statman, 2003) and perceive gain and loss risks asymmetrically (Leković, 2019). Kahneman and

Tversky created prospect theory from Markowitz's (1952b) customary wealth theory, which offered that an inflection point exists on the utility functions of all individuals at their customary (current) wealth levels where individuals will simultaneously buy lottery tickets and insurance policies. These inflection behaviors contradicted traditional rational finance theories. Kahneman and Tversky also aimed to supplant Von Neumann and Morgenstern's expected utility theory (Shefrin & Statman, 2000). Expected utility theory became the primary prescriptive, predictive, and descriptive human economic decision-making paradigm after World War II (Koçaslan, 2019), offering that an individual will calculate the utility expected from a bundle of uncertain prospects by summing the weighted average of each outcome's utility (payoff) multiplied by its probability before making selections (Koçaslan, 2019). Kahneman and Tversky noted that the defining features of prospect theory described financial decision-making and investment in the real world.

Kahneman and Tversky (1979) created prospect theory with several defining characteristics. Kahneman and Tversky described that individuals are not exclusively risk-averse or risk-seeking because their risk behaviors result from their locations in gain and loss zones (Leković, 2019). Specifically, an individual facing the same event risk would be risk-seeking when in the loss zone and risk-averse when in the gain zone. For example, an individual in the loss zone can become risk-seeking and, thereby, choose to accept more risk (willingness to gamble) because they perceive such risk acceptance as their only option for returning to a profit from a loss (similar to buying a lottery ticket) (Leković, 2019). Whereas, an individual in the gain zone can become risk-averse and, thereby, choose not to accept any more risk (unwillingness to gamble) because they perceive risk avoidance to be their best option for protecting a gain from losses (similar to buying insurance) (Leković, 2019). Kahneman and Tversky also saw that individuals choose the prospect with the highest expected outcome from many prospects to maximize wealth changes from current reference points (Shefrin & Statman, 2003). Individuals create and adjust these unique reference points from their beliefs, experiences, biases, information, and forecasts (Leković, 2019).

Kahneman and Tversky (1979) also noted that individuals are more sensitive to losses than gains because loss aversion bias asymmetries (Shefrin & Statman, 2003) result from human emotional biases that fear losses more than value gains. However, gains and losses in prospect theory are not nominal increases or decreases in wealth. Instead, Kahneman and Tversky defined gains and losses as wealth gained above or lost below an individual's unique wealth reference point, respectively, and supported that individuals do not focus on maximizing total wealth but instead focus on the gains and losses that will result from their decision at their unique reference point (Leković, 2019). Kahneman and Tversky expected individuals to seek odds approximating a lottery when living below their aspiration levels and reject those odds when living above them (Statman, 2004). Relatedly, Kahneman and Tversky asserted that individuals would overweight events with small probabilities, resulting in risk-seeking in gain zones (resembling the purchase of lottery tickets as small probability event gambles) and risk-aversion in loss zones (resembling the purchase of insurance as small probability event protections) (Shefrin & Statman, 2003). An added feature of Kahneman and Tversky's prospect theory was that individuals show a disposition effect of holding onto losses for prolonged periods as they hope for gains or quickly sell gains when they have them. Lastly, in prospect theory, Kahneman and Tversky expected individuals to create stochastically dominated portfolios rather than mean-variance theory diversified portfolios because they do not correctly gauge the covariances of their holdings (Shefrin & Statman, 2003). Significantly, prospect theory moved financial decision-making theory forward with its distinguishing features and representations even though it violated some traditional tenets of finance.

The BPT Framework

Shefrin and Statman (2000) extended earlier behavioral approaches to financial decision-making and portfolio selection by supplying different perspectives on investor behavior than traditional portfolio choice theories using mean-variance optimizations. Shefrin and Statman aimed to overcome the traditional shortcomings of standard finance theories and models (Oehler & Horn, 2021) by placing more emphasis on the risks of ruins rather than the variance of returns, human irrationality, and the conflicting emotions of hope and fear (Mittal et al., 2021). For instance, BPT investors employ individual decision factors excluded from traditional finance, such as beliefs, behaviors, and perceptions, in investment decision-making, objective-setting, and prioritization (Chang et al., 2018). Additionally, BPT investors maximize expected wealth aspirations without exceeding self-defined safety constraints of financial ruin probabilities (Shefrin & Statman, 2000), which differs from traditional finance approaches of balancing portfolio risk with an expected return. Furthermore, BPT investors construct broad, dynamic aspirations (e.g., poverty avoidance or wealth attainment) from their circumstances (e.g., impoverishment), personality characteristics (e.g., status-seeking), and other internal and environmental constraints rather than specific investment goals (Statman, 2018). Lastly, BPT investors replace traditional notions of risk aversion with "shortfall aversion" by viewing risk as falling short of their aspirations rather than economic losses (Statman, 2018, p. 29), which results in a tradeoff between higher wealth aspirations and expectations versus lower probabilities of reaching such aspirations or expectations in sharp contrast to the traditional portfolio selection choices of traditional finance (Parker, 2021). For example, BPT investors might risk entire investments to avoid falling short of their aspirations (Statman, 2018). Shefrin and Statman shaped these non-traditional investment and financial decision-making perspectives into workable finance theory with a single mental account and multiple mental accounts frameworks.

Single Mental Account BPT (BPT-SA). Shefrin and Statman (2000) presented BPT-SA as the more simplistic application of their BPT theory. BPT-SA investors are ordinary individuals who do not always make rational decisions due to cognitive and emotional biases (Leković, 2019). BPT-SA investors select portfolios that maximize expected wealth aspirations while minimizing financial ruin probabilities (Shefrin & Statman, 2000). BPT-SA investors view their portfolios as one mental account of individual holdings that vary together, known as covariance (Shefrin & Statman, 2000). BPT-SA investors optimize their portfolios by sifting through the multiple prospects and probabilities of reaching their expected wealth aspiration levels while avoiding financial ruin (Shefrin & Statman, 2000). Additionally, BPT-SA investors create portfolio efficiencies and efficient frontiers from all prospect iterations that maximize wealth expectation aspirations with personal safety constraints of financial ruin probabilities (Shefrin & Statman, 2000). This simplistic behavioral approach to financial decision-making and portfolio selection is a valuable model.

Multiple Mental Account BPT (BPT-MA). Shefrin and Statman (2000) presented BPT-MA as the more complex BPT approach. BPT-MA investors, like BPT-SA investors, are ordinary people with limiting cognitive and emotional biases (Leković, 2019). However, BPT-MA portfolio selection, optimization, and efficiency are less straightforward than BPT-SA. For instance, BPT-MA investors select portfolios as pyramidal combinations of sub-portfolios of holdings sorted by mental accounts according to low and high aspiration levels without regard to covariance (Shefrin & Statman, 2000). They do not select portfolios by aggregating holdings into one mental account. BPT-MA investors use mental accounting, a behavioral bias, to enable this layering process (Shefrin & Statman, 2000). Shefrin and Statman noted that these different aims originate from competing wealth expectations or other aspirations, needs for security, prospect outcomes, and aspiration achievement probabilities. BPT-MA investors build the base and lower-level layers with mental accounts to protect against poverty, take low risks, and resemble insurance policies and government bonds (Statman, 2004). BPT-MA investors construct middle layers with mental accounts that seek moderate aspirations, take moderate risks, and resemble holdings of riskier bonds and shares of stock (Statman, 2004). BPT-MA investors construct the top and higher layers with mental accounts that maximize wealth aspirations, take aggressive risks, and resemble undiversified shareholdings and lotteries (Statman, 2004). BPT-MA investors take extreme gambles in high layers because they measure risk with aspiration failure rather than monetary loss (Leković, 2019). Such pyramidal sub-portfolios allow the safer layers to satisfy investor desires for the practical and emotional benefits of poverty avoidance and the riskier layers to aim for satisfying wants for the practical and emotional benefits of wealth attainment (Statman, 2018).

BPT-MA investors also optimize their sub-portfolios of mental accounts and risk attitudes rather than their aggregate portfolios (Leković, 2019). BPT-MA investors behave as multiple entities aspiring to different goals across mental accounts and risk perspectives, which differs from BPT-SA investors that behave as one entity (Statman, 2004). Optimum portfolios vary with each BPT-MA investor due to unique risk tolerance levels, needs, habits, preferences, emotions, and biases (Leković, 2019). BPT-MA investors do not optimize their portfolios with diversification in line with traditional finance portfolio theories. Instead, BPT-MA investors consider their portfolios as collections of subportfolios separated by mental accounting with unique aspirations and loss constraints (Das et al., 2010). BPT-MA investors choose to optimize multiple sub-portfolios or layers of their optimal pyramid sub-portfolios (Leković, 2019). BPT optimal portfolios for a chosen and preferred risk level maximize an investor's benefits, which are the total expressive, emotional, and utilitarian benefits (Leković, 2019).

Shefrin and Statman (2000) embedded efficient frontiers within BPT-MA. BPT-MA investors create portfolio efficiencies and efficient frontiers in each mental account or sub-portfolio rather than their aggregate portfolios. BPT-MA investors do not produce efficient frontiers that coincide with BPT-SA or more traditional finance portfolio theories (Shefrin & Statman, 2000). Instead, BPT-MA investors focus on the expected returns of the sub-portfolios and their risk as measured by the probability of the subportfolio not reaching their hoped-for threshold return level (Das et al., 2010). So, each subportfolio or mental account produces an efficient frontier reflecting competition between expected returns and the probability of not reaching a return threshold level (Das et al., 2010). Numerous efficient frontiers result from the optimal sub-portfolios investors select and resemble a mixture of lottery tickets and stocks (Leković, 2019). Individuals using BPT-MA have an efficient frontier for each mental account (Das et al., 2010). BPT-MA portfolios become dominated when another mental account or subportfolio has the same expected return with a lower probability of threshold-level failure (Das et al., 2010). Interestingly, risk-seeking can produce an optimal portfolio for BPT-MA investors, while MVT investors always seek to lessen risk (Das et al., 2010). An optimal BPT-MA portfolio maximizes overall individual benefits as a mixture of expressive, emotional, and utilitarian benefits (Leković, 2019).

Individuals use BPT-MA to properly diversify by constructing portfolios of layered pyramids with lower-level downside protection layers and higher-level upside-chasing layers (Statman, 2004). This approach solves the diversification complication of needing to meet an optimal quantity of holdings to reach diversification because BPT-MA users do not need or require a specific number of holdings, which the more traditional portfolio theories require, such as MVT (Statman, 2004). The rules of optimal diversification in BPT-MA should balance an investor's upside potential desires without supplying downside protection (Statman, 2004). The rules of diversification in behavioral portfolio theory are less precise and potentially less efficient than traditional portfolio theories; however, they function clearly (Statman, 2004). The BPT-MA work by Shefrin and Statman (2000) received the most academic attention of the two BPT mental accounting approaches because it brought an innovative behavioral approach to investment decision-making and portfolio selection missing from MVT. The BPT-MA approach is the focus of my conceptual framework. Subsequently, I refer to it simply as BPT, consistent with academic research.

Application of BPT to Nonprofit Organizations

The leaders of nonprofit organizations seeking revenue growth and financial sustainability can borrow and apply BPT to administrate their revenue mixes. One application rationale is that the revenue mix choices of nonprofit organization leaders are similar to the portfolio selection choices of investors. For example, nonprofit organization leaders invest in specific service offerings and associated revenue mixes, just as investors select holdings for their investment portfolios. Another application rationale is that nonprofit organization leaders often weigh more than financial risk and return measures in their revenue mix selections because nonprofit organizations exist solely to achieve nonprofit missions. Therefore, the application of BPT by the leaders of nonprofit organizations in administering their organizations' revenue mixes can be more proper than the other portfolio theories of finance, such as modern portfolio theory (mean-variance portfolio theory), because BPT does not limit investment choices to deliberations on risk and return. Instead, BPT investors employ individual decision factors excluded from traditional finance, such as beliefs, behaviors, and perceptions, in investment decision-making, goal setting, and prioritization (Chang et al., 2018).

Another rationale for nonprofit organization leaders to use BPT for administering their revenue mixes is that nonprofit organization leaders must make decisions about revenue diversification similar to BPT investors. For example, traditional portfolio theories' adherents require more than 300 different holdings to diversify properly (Statman, 2004). Just as it is difficult for individual investors to achieve adequate diversification with such requirements, it would be nearly impossible for nonprofit organization leaders to assemble 300 diverse sources of income in their organizations' revenue mixes. BPT approaches can solve this diversification puzzle for nonprofit organization leaders because BPT investors do not optimize their portfolios with specific numbers of holdings. Instead, BPT-MA investors consider their portfolios as collections of subportfolios separated by mental accounting, unique aspirations, and loss constraints (Das et al., 2010) that they optimize with chosen and preferred risk levels to maximize their expressive, emotional, and utilitarian benefits (Leković, 2019). For these rationales, nonprofit organization leaders seeking revenue growth and financial sustainability can apply BPT to revenue mix management to better their organizations.

Research Topic: Nonprofit Organization Finance

Nonprofit Organization Definition

Nonprofit organizations are corporations or associations with staff working for public benefit without shareholders and profit motives. Nonprofit organization staffs supply crucial support for many problematic social issues, particularly those related to marginalized and vulnerable individuals (Yang, 2021), economic and social factors, and the welfare of individuals and their communities (Rist, 2022). Lawmakers and regulators have formally enacted the distinctions between nonprofit and for-profit organizations, including reporting mandates and the generation of revenues (Blouin et al., 2018). Accordingly, nonprofit organizations have both federal and state characteristics. Although state law typically governs nonprofit organizations' formation and operation, they receive their federal legal status, preferential tax treatment, and typology from IRS approval (Molk & Sokol, 2021) or USA Congressional action (Fritz, 2020). Section 501 of *26 United States Code* (U.S.C.) codified the definitions of tax-exempt nonprofit organizations in the USA (IRS, 2018). However, Section 501(c)(3) of *26 U.S.C.* crafted the most popular nonprofit organization, the public charity, defined as a nonprofit organization created exclusively to run as a charitable, religious, scientific, public safety, educational, literary, amateur sport, educational, or child and animal cruelty preventive organization. Also, 501(c)(3) nonprofit organizations cannot benefit private individuals or organizations, disburse net earnings to private interests, intervene in political campaigns, or engage in legislative-lobbying activities (IRS, 2018; Molk & Sokol, 2021). These definitional guidelines underpin nonprofit organizations' effective, ethical, and lawful governance.

Nonprofit Organization Governance

Nonprofit organizations are subject to corporate governance. Corporate governance concerns the wielding of power over corporate entities (Abu Khadra & Delen, 2020). Historically, corporate governance scholars have focused their research efforts on for-profit corporate governance (Blevins et al., 2022). However, nonprofit corporate governance scholarship does exist, underscoring the differences between for-profit and nonprofit corporate governance. One difference is nonprofit organizations' absence of shareholder ownership (Molk & Sokol, 2021). Instead, nonprofit organization boards of directors handle nonprofit organizations (McMullin & Raggo, 2020) and act as their owners. Another governance difference is that shareholders do not select the executive management of nonprofit organizations (Molk & Sokol, 2021). In juxtaposition, nonprofit organization boards of directors oversee the choice of nonprofit organizations' executive management, whether by membership vote, board of director election, or other charter or bylaw mechanism (Molk & Sokol, 2021).

An additional governance difference is that nonprofit organization boards of directors and executive managers are often inadequately overseen due to the absence of corporate shareholders. For example, for-profit corporate governance endows significant checks and balances on boards of directors and managers, while nonprofit organizations often have boards of directors unengaged in meaningful oversight and remiss in protecting their organizations (Molk & Sokol, 2021). Nonprofit boards of directors and executive managers could better fulfill their responsibilities by understanding their roles and engaging them. For example, the contemporary spirit of many nonprofit board members is to focus clarity on these respective roles (Piscitelli & Geobey, 2020), allowing board members to set the organization's strategic direction and provide fiduciary oversight without wading into the organization's operations (Piscitelli & Geobey, 2020), which should be the responsibility of their executive managers. Another governance difference is that nonprofit organization leaders typically answer to multiple stakeholders that can exercise formal and informal power over them (Fedele et al., 2022). Although for-profit organizations have similar constituents, corporate shareholders typically exercise more power over for-profit organizations because they own them. An added governance difference is that states' attorneys general supply general oversight of nonprofit organization activities within states' borders, including, without limitation, judicial or voluntary organization dissolutions, ultra vires assessments, removals of board directors, and approvals of mergers or conflicted transactions (Molk & Sokol, 2021). These critical differences between nonprofit and for-profit organizations underscore the subjects and realities of nonprofit corporate governance.

Nonprofit Organization Missions

Nonprofit organizations exist for their staffs to pursue the organizations' missions. The founders of nonprofit organizations formalize their missions in mission statements, which they use for the specific purposes of founding, differentiating, and measuring the performance of their organizations against their exact, express public purposes (Berlan, 2018). Nonprofit organizations' visions and missions stem from their founders' reasons for birthing them, addressed causes, and specific goals accomplished by the organization's staff (Walters, 2020). Nonprofit missions stay infinite because government leaders are still agnostic to defining legitimate public goods and interest groups other than requiring compliance with charitable giving laws (Lecy et al., 2019). The values of those who create, manage, and support nonprofit organizations form nonprofit missions (Lecy et al., 2019). For example, some nonprofit organizations exist for their staff to protect minorities, create inclusive communities, or improve economic and social inequalities (Lecy et al., 2019). Whereas, other nonprofit organizations exist for their staff to promote (or prevent) public prescriptions for social equity (Lecy et al., 2019) or exclusive memberships and wealthy donor pet projects (Giridharadas, 2018). Regardless of the expansive nature of nonprofit organizations, the purpose of nonprofit missions stays broadly applicable. The staffs of nonprofit organizations can properly function if they produce the social goods needed in their mission statements and receive society's trust (Mitchell & Schmitz, 2019). The presence of missions can motivate the synchronicity of organizational values with staff actions, avoiding mission-contrary results (Horvath et al., 2018). Therefore, nonprofit organization leaders must evaluate and adapt their missions over time to remain true to their aims.

Nonprofit Organization Revenue Management

Nonprofit Organization Revenue Mix. Nonprofit organization leaders need revenue to achieve their organizations' visions and missions. Increasing competition among nonprofit organizations for funds and donors can harm the long-term ability of nonprofit organization leaders to achieve their missions (Hommerová & Severová, 2019). Furthermore, nonprofit organization leaders rely on donations and grants to supplement their revenues while facing the simultaneous issue of prioritizing finances over the mission to placate recent government austerity measures (Henderson & Lambert, 2018). Nonprofit organization leaders face heightened operational constraints from these issues when financing their organizations (Daff, 2021). Fortunately, nonprofit organization leaders can source revenues from numerous sources (Albritton et al., 2018). Nonprofit organization leaders must achieve the best mix of revenues from various sources to realize their missions (Potluka & Svecova, 2019). A nonprofit organization's revenue mix is the stratification of its revenue by income type expressed either as the percentage of donative revenues to commercial revenues (Teasdale et al., 2013) or the percentage of each income type to the organization's total revenue (Carroll & Stater, 2009). Nonprofit organizations' revenue mixes vary worldwide by country (Pue, 2020), organization type (Johnson et al., 2020), and restriction level (Shon et al., 2019). Although government funding, philanthropic giving, and earned income dominate nonprofit revenue mixes (Pue, 2020), increased revenue uncertainty and resource scarcity (Froelich, 1999) heighten nonprofit organization leaders' focus on revenue mix management. This competition for funding requires nonprofit organization leaders to urgently build more sound financial bases by expanding their revenue sources (Frumkin & Keating, 2011) and contracting their dependencies on single revenue sources whose inadequacies could lead to mission shortfalls (Shon et al., 2019). Additionally, donated funds have become less available to nonprofit organization leaders regardless of their organizations’ performance (Daniel & Kim, 2018). So, nonprofit organization leaders must seek and rely upon various income sources in their revenue mixes to meet their organizations' needs (Shon et al., 2019) and answer their visions and missions.

Multiple income sources are available to nonprofit organization leaders to fund their business operations. Accordingly, nonprofit organization leaders must find strategies to enable their organizations to capture the revenue mix that best supports their missions. (Denison et al., 2019), choosing and managing the revenue strategies and income sources that prove most consistent with their mission and management abilities (Froelich, 1999). Fischer et al. (2011) found that nonprofit organizations' revenue compositions stem from the services provided by staffs and those who receive the benefits. The services can be public, private, or mixed typologies (Fischer et al., 2011). Identifiable individuals benefit from private services, such as nursing home patients receiving healthcare from nursing home staff (Fischer et al., 2011). Private services represent the highest revenue percentage from earned income programs (Fischer et al., 2011). Accordingly, private service organization leaders rely less on donative income sources in their revenue mixes. Public services are collective goods with benefits that flow to individuals without paying for or explicitly participating in a program, such as a public radio station, which is the lowest revenue percentage generated by earned income programs (Fischer et al., 2011). Naturally, such organizations depend on donative income sources in their revenue mixes in the absence of earned income. Mixed services are goods and services for specific individuals and society, such as a public lottery with private winners, that also supports schools financially with revenue generated by earned income programs and other income sources (Fischer et al., 2011). In summation, nonprofit organization leaders should base their funding and revenue strategies on their specific public, private, or mixed services and the benefits they produce, leaving funding untouched that is inapplicable to their organizations.

Private Charitable Contribution Income. Nonprofit organization leaders receive needed income from private charitable contributions. Charitable contributions come from individuals, foundations, or corporations and include nonprofit organizations' fundraising efforts (Froelich, 1999). Charitable contributions have historically served as significant support for nonprofit organizations (Froelich, 1999). However, in recent decades, charitable contributions declined as a nonprofit income source and part of nonprofit organization revenue mixes (Froelich, 1999). Although private charitable contributions are declining in nonprofit revenue mixes, they stay critical to supplying nonprofit organizations with much-needed income.

Nonprofit organization leaders pursuing revenue strategies anchored by private charitable contributions have several advantages. Private charitable contributions can be a significant source of revenue for nonprofit organizations offering public services (Fischer et al., 2011). The restrictions often placed upon private charitable contributions by donors can also focus organizational spending on program services rather than other organizational expenditures (Shon et al., 2019). For instance, donations can decrease if donors perceive that nonprofit organizations do not spend their funds on program services. Furthermore, donor restrictions on private charitable contributions can reduce organizational waste, overhead, and compensation (Shon et al., 2019) and lead to a more effective and efficient mission and service delivery. When weighing their income choices and revenue mixes, nonprofit organization leaders and practitioners must consider these advantages.

Nonprofit organization leaders who pursue revenue strategies anchored by private charitable contributions face specific disadvantages. Private charitable contributions can be an unpredictable and volatile source of revenue for nonprofit organizations (Froelich, 1999). The levels of charitable contributions can be sensitive to the consumers' disposable incomes and corporations' profits (Velandia et al., 2021). Private charitable contributions, especially from large donors, can also lead nonprofit organization leaders to displace or redirect the goals of their organizations (Froelich, 1999). Through restrictions, increased donor monitoring of private charitable contributions and organizational leaders can also limit discretionary spending (Shon et al., 2019). Nonprofit leaders can also respond to private charitable contributions with greater operational formalization and excessive professionalization than other income sources (Froelich, 1999). For example, large private donors and corporate giving can require nonprofit organizations to form committees and board seats that formally cater to such donors (Froelich, 1999). Interestingly, the effects of foundations on nonprofit organizations can be more significant than those of corporations (Froelich, 1999), even though corporate contributions of money, in-kind gifts of services, and property can also lead to corporate self-interest taking precedent over nonprofit organizational interests and missions (Froelich, 1999). Additionally, nonprofit leaders can respond to private charitable contributions by avoiding socially unpopular or controversial missions or programs more than other income sources (Froelich, 1999). Lastly, nonprofit leaders can respond to private charitable contributions by decreasing their nonprofit organizations' innovations (Froelich, 1999; Ranucci & Lee, 2019), subsidizing inefficient nonprofit organizations, decreasing aggregate societal benefits from nonprofit organizations, and reducing the abilities of nonprofit organizations to obtain professional administration (Shon et al., 2019). Nonprofit organization leaders and practitioners should heed these disadvantages of dependence on revenue strategies anchored by private charitable contributions as they weigh their income choices and revenue mixes.

Government Grant Income. Nonprofit organization leaders find desired income from government grant sources. Governments worldwide have become increasingly dependent on nonprofit organizations to deliver public services on their behalf (Piatak & Pettijohn, 2021). Government grants can be either direct or indirect (Froelich, 1999). Direct government grants flow to nonprofit organizations directly from Federal government administrators or through state and local government (Froelich, 1999). Indirect government grants flow to nonprofit organizations indirectly as aid or other funding to individuals from federal, state, or local government administrators who obtain services or goods from nonprofit organizations (Froelich, 1999). The income provided to nonprofit organizations from government grants is essential to operations and missions.

Nonprofit organization leaders pursuing revenue strategies anchored by government grants have several advantages. Government grants are a predictable and low volatility source of income (Froelich, 1999), making nonprofit organization leaders less vulnerable to revenue shortfalls and interruptions to their service delivery. Government grants and contracts have also been positively associated with financial stability and growth and are more accessible than private contributions (Chikoto-Schultz & Neely, 2016). However, recent research from Piatak and Pettijohn (2021) also indicated that organization leaders dependent on government grants should also seek to diversify across multiple government sources instead of being highly concentrated on one government source of funds. Kingma (1993) confirmed the predictability of this funding source on the achievement of financial stability. Additionally, nonprofit leader reliance on government grants can lead to less nonprofit organization goal displacement than private contributions (Froelich, 1999) because many nonprofit organizations that rely on government grants have missions and operations that deliver services around government grant programs and revenue streams. Nonprofit organization leaders and practitioners should consider these advantages of government grants as they deliberate on income choices and revenue mixes.

Nonprofit organization leaders pursuing revenue strategies anchored by government grants might face several disadvantages. For example, nonprofit organization leaders that rely on government grant income can become utterly dependent on government funding and support (Froelich, 1999), which amplifies when crowding out occurs to displace other income sources (Lee & Kim, 2020). However, scholar researchers have not answered this question conclusively on the effects of crowding out in the U.S. for nonprofit organizations (Lee & Kim, 2020). Furthermore, nonprofit leader reliance on government grants in nonprofit revenue mixes can lead to significant nonprofit organization goal displacement (Froelich, 1999) when primary service offerings do not align with government grant intents. For example, public support exists for nonprofit organizations; however, government grants can mandate specific program features and client demographics (Froelich, 1999). Nonprofit organization leaders' pursuit of new government grant initiatives can further magnify the goal displacing effect by prompting the reallocation of internal resources to chase those new initiatives (Froelich, 1999). Nonprofit leader reliance on government grants can also disadvantage their organizations by causing greater nonprofit operation formalization and professionalization (Froelich, 1999). The necessity of staff to create internal procedures to administer government grants can dominate nonprofit operations (Froelich, 1999). Compliance with government grants can cause nonprofit leaders to intensely focus on program minutiae, monitoring, and reporting, which requires formalized and standardized administration and professional bureaucracy like the government agencies that fund them (Froelich, 1999). Changes in a nonprofit organization's processes and internal administrative structures by leaders can result in increased bureaucratization and a loss of autonomy (Froelich, 1999). Lastly, government grants are typically restricted income sources that nonprofit organization leaders can only use directly on specific programs without support for indirect administrative and spending flexibility (Shon et al., 2019). Organization leaders that rely on government grants as primary income sources spend less on administrative expenses and more on personnel and program services (Shon et al., 2019). Moreover, nonprofit leaders often respond to cuts in government funding by reducing administrative expenses even more in favor of filling program service and funding gaps (Cheng & Yang, 2019). Labeled the nonprofit starvation cycle, nonprofit organization leaders begin to perpetually underinvest in their organizational capacities and infrastructures to match external motivations of low overhead required by many government grants (Schubert & Boenigk, 2019). Nonprofit organization leaders and practitioners should consider these disadvantages of dependence on government grants as they deliberate on income choices and revenue mixes.

Earned Income. Nonprofit organization leaders can also earn income from commercial activities. Nonprofit organization leaders create earned income from various mission-related sources (Daniel & Kim, 2018), including program goods, services, and other works (Pue, 2020). For example, nonprofit leaders can earn income from services provided, goods sold, or other works performed (Lee & Shon, 2018). Scholastic researchers attach more controversy to earned income than private charitable contributions or government grants (Froelich, 1999). Scholars should study earned income more in nonprofit organizations' revenue mixes (Pue, 2020) because nonprofit leaders deploying earned income activities require different strategies than traditional nonprofit activities and gain more nonprofit organization control over their missions and resources (Daniel & Kim, 2018). The propagation and perpetuation of this income source by nonprofit leaders came from adaptations to evolving resource and funding constraints (Froelich, 1999), competition, and the need for new income sources (Daniel & Kim, 2018). However, scholars have warned nonprofit organization leaders not to spend too many resources on income-generating activities at the expense of their missions (Daniel & Kim, 2018). Nonprofit organization leadership cannot rely solely on this revenue source because they typically sell program goods and services below-market or free (von Schnurbein & Fritz, 2017). Nevertheless, earned revenue can be helpful in the evolving nonprofit revenue mix as nonprofit organization leaders aid their missions and leverage their operations via commercial activities.

Nonprofit leaders have three forms of earned income. Daniel and Kim (2018) categorized nonprofit earned income as external, integrated, or embedded. Nonprofit leaders earn embedded revenue from mission-based programs while meeting their core mission requirements (Daniel & Kim, 2018). An example is a choir selling concert tickets. The sale of these goods or services by staff contributes directly to an organization's mission and finances (Daniel & Kim, 2018). Nonprofit organization leaders earn external revenue with goods and services outside their non-core activities and missions (Daniel & Kim, 2018). Examples are the parking fees earned by staff at a choral concert. These goods and services do not contribute directly to an organization's core mission but contribute to its finances. Nonprofit leaders earn integrated revenue by merging their missions and commercial activities with other organizational resources or targeting specific end users (Daniel & Kim, 2018). An example is a royalty from a live radio broadcast of a choral concert. Such activities are not directly beneficial for mission outcomes yet indirectly supply other valuable, independent income streams to fund program activities (Daniel & Kim, 2018). Nonprofit organization leaders must weigh these decisions when deciding if earned revenue can distract, supplement, or complement their organization.

Leaders of nonprofit organizations gain several advantages when pursuing revenue strategies anchored by earned income. Earned income in nonprofit revenue mixes can be more stable than other income sources and display moderate volatility (Froelich, 1999). Earned income does not result in significant nonprofit organization leader goal displacement because such income-earning activities relate strongly to and directly support nonprofit missions (Froelich, 1999). Also, earned income does not necessarily lead to greater nonprofit operation formalization because the less restrictive income source does not require nonprofit leaders to process changes or operational adaptations like other nonprofit income sources (Froelich, 1999). Another advantage of nonprofit organization leaders seeking more earned revenue in their revenue mixes is to gain more control over missions and resources (Daniel & Kim, 2018). Earned income seeking by nonprofit leaders can supplement other traditional income sources, reduce total revenue volatility, strengthen financial health, and better perform and serve their missions (Daniel & Kim, 2018). Earned income attainment by nonprofit leaders allows their organizations to be more flexible and less restrictive, subsidize existing programs, and respond to emergent client needs (Froelich, 1999). Lastly, earned income pursuits by nonprofit organization leadership encourage better commercial techniques from the for-profit world and expand roles for business professionals to improve the process and structures of nonprofit organizations (Froelich, 1999). Therefore, calls for limited usage of commercial activities seem frivolous to some observers (Froelich, 1999). Leaders of nonprofit organizations have many advantages to gain from employing earned income revenue strategies.

Nonprofit organization leaders pursuing revenue strategies anchored by earned income face several disadvantages. Empirical evidence shows that nonprofit commercial activities can have mixed effects on nonprofit organizations (Daniel & Kim, 2018). These effects depend significantly on the nonprofit organization and its industry. Earned income initiatives can also dilute nonprofit leaders' mission focus (Daniel & Kim, 2018) from its historical purpose. Also, earned income-seeking strategies can dilute nonprofit organization leaders’ values in favor of for-profit ones (Froelich, 1999). An organization's leaders could begin to care more about profitability than mission success. Lastly, earned income pursuits by nonprofit leaders can drain resources and create deficits that nonprofit leaders could or should spend on core organizational programs (Daniel & Kim, 2018). Nonprofit organization leaders pursuing earned income opportunities might redeploy scarce organizational resources away from core programs in favor of new, more profitable ones. In summation, leaders of nonprofit organizations have many disadvantages to avoid when deploying earned income revenue strategies.

Unrelated Business Income. Unrelated business income is a controversial but valuable source of nonprofit organization revenue. Nonprofit organization leaders create unrelated business income from commercial activities unrelated to their mission (Froelich, 1999). Nonprofit leaders can produce advantages and disadvantages with unrelated business income. The advantages of unrelated business income are as follows. Unrelated business income is an increasingly popular funding source for supplementing or supplanting traditional nonprofit income (Froelich, 1999). Developing these commercial revenue streams relates to the increased financial uncertainty and competition for traditional sources of funds (Ko & Liu, 2021). Nonprofit organizations often run taxable, unrelated business activities as separate business units. The disadvantages of unrelated business income are as follows. Observers expressed concerns that such commercial activities could crowd out other nonprofit revenue streams, such as charitable giving, and harm nonprofit organizations' charitable and civic natures (Lee et al., 2021). Nonprofit organizations might view unrelated business income as a last resort when their other income sources cannot cover program expenses and, thereby, crowd out their other income sources by focusing on unrelated business income (Du Bois et al., 2004). Furthermore, the reliance of nonprofit organizations on commercial income could create more tension between for-profit means and non-profit ends, thereby threatening the survival of the nonprofit organization (Lu et al., 2020). Additionally, the production of unrelated business income to finance nonprofit missions produce lower output levels than for-profit, profit-maximizing organizations (Du Bois et al., 2004). Also, there is a definite marginal utility tradeoff between unrelated business income and other nonprofit income sources; however, the relationship is not always straightforward (Du Bois et al., 2004). In addition, some researchers have expressed concerns that unrelated business income sources distract nonprofit organizations from their primary mission and donors from propensities for charitable giving (Du Bois et al., 2004). In these advantages and disadvantages, nonprofit organization leaders must assess the usefulness of unrelated business income in their revenue mixes.

Investment Income. Investment income results from nonprofit organization investment returns. These returns can result from interest, dividends, rental income, or other gains and losses on invested assets (Bai et al., 2020). Although extant research often treats nonprofit organization endowments as a separate income source, I considered endowment income most applicable to nonprofit investment income. Endowments are collections of managed unrestricted and restricted assets that provide income for current and future nonprofit organization operations (Qu, 2020). Investment income has advantages and disadvantages. The advantages of investment income are as follows. Nonprofit leaders that pursue investment income can improve the financial stability of their organizations, particularly during financial shocks and economic complications (Chikoto-Schultz & Neely, 2016). Also, investment income often has few or no donor restrictions (Shon et al., 2019) and more discretion. There are several disadvantages of investment income. For example, nonprofit organization leaders of smaller organizations often face difficulties developing endowments (Chikoto-Schultz & Neely, 2016) that can produce investment income. Additionally, nonprofit organization leaders often make investments that could have otherwise fed their organizations' missions (Chikoto-Schultz & Neely, 2016). Finally, the reliance of nonprofit leaders on investment income did not significantly influence their organizations' administration or program service spending; however, such dependence significantly decreased personnel spending (Shon et al., 2019). These are the advantages and disadvantages of investment income for nonprofit organizations.

Nonprofit Organization Revenue Diversification Versus Concentration. Nonprofit organization leaders must understand the advantages and disadvantages of revenue diversification and concentration strategies in their revenue mixes. Extant research by scholars does not universally support the benefits of revenue diversification for all nonprofit organizations (Mitchell & Calabrese, 2019). Nonprofit organization leaders face the continuous pressure of balancing revenue diversification versus concentration to pursue optimal financial outcomes (Zhao & Lu, 2019). This balancing act is complicated by the divide in the extant literature on the merits of diversification versus concentration. Specifically, scholars segment themselves into those who support revenue diversification and those who support revenue concentration (Lu et al., 2019).

Nonprofit organization leaders face more difficulties diversifying revenue mixes than investment managers diversifying investment portfolios because nonprofit organizations have limited income sources (Denison et al., 2019). Furthermore, nonprofit organization leaders face challenges when changing or reacting to changes in their revenue mixes because of each income source's particular risk and return attributes and organizational financial policies (Denison et al., 2019). Therefore, nonprofit organization leaders must manage the number and type of income in their revenue mixes by grasping revenue diversification and concentration research and strategies.

Extant Support for Revenue Diversification. There is a prevalence of extant scholar researcher advocation for nonprofit organization revenue diversification. Revenue diversification is a strategic choice for nonprofit organization leaders to generate income from various revenue sources (Zhu et al., 2018). The support for nonprofit revenue diversification and its positive effects extends across revenue stability and volatility, financial capacity and sustainability versus vulnerability, and mission and operational performance. The extant research of many nonprofit scholars promotes the beneficial effects of revenue diversification on revenue stability and volatility reduction. Chang and Tuckman (1994) asserted that nonprofit organization leaders could strengthen their financial position, stability, and growth with multiple income sources. Froelich (1999) germanely argued that nonprofit organization leaders could diversify their organizations' revenue mixes to overcome increased competition for charitable contributions and improve revenue stabilities. Carroll and Stater (2009) confirmed that nonprofit organization leaders could decrease revenue volatility by diversifying their revenue mixes from charitable contributions, which could lower their revenue volatility by engaging multiple income sources (Qu, 2019). Jordan et al. (2017) found that choices by nonprofit leaders to diversify their revenue could reduce the size and occurrence of nonprofit revenue volatility. Jordan et al. (2017) supported the argument that diversified nonprofit revenue mixes are as stable and predictable as diversified investment portfolios because multiple income sources in nonprofit organizations' revenue mixes protect them from fluctuations in one income source, especially when sources do not correlate strongly with others. Hung and Hager (2019) confirmed that nonprofit leader revenue diversification could increase income stability and growth, noting that efforts to diversify nonprofit revenue can endow greater revenue mix flexibility. Searing (2021) discovered that nonprofit organization leaders employing diversification could also improve the chances of a nonprofit organization recovering from financial stress.

However, Kingma (1993) cautioned nonprofit organization leaders from approaching revenue diversification as a numbers game, urging that the benefits of nonprofit revenue diversification do not automatically result from adding new income sources to nonprofit revenue mixes without accounting for the particularities of nonprofit organizations and the new income sources. Kingma encouraged nonprofit organization leaders to consider each income source's returns and expected volatilities and how they covary in their pursuits for proper diversification. Chang and Tuckman (1994) also encouraged nonprofit organization leaders to remember that revenue diversification varies across organization types and service missions. Additionally, Wicker et al. (2013) noted that nonprofit organization leaders' revenue diversification and concentration efforts could be dramatic depending on their missions, industry, and business models. Denison et al. (2019) also found that nonprofit organization leaders' fundraising expenditure magnitudes affect their ability to diversify revenues. There is a prevalence of extant scholar researcher advocation for nonprofit organization leader revenue diversification regarding revenue stability versus volatility; however, even supportive researchers caution against pursuing diversification by ignoring income sources and nonprofit organization contexts and peculiarities.

The extant research of many nonprofit organization scholars supports the beneficial effects of revenue diversification on financial capacity and sustainability. Tuckman and Chang (1991) agreed that nonprofit organizations with multiple revenue sources experience less financial vulnerability than organizations with fewer income sources. Chang and Tuckman (1994) argued that diversified revenue mixes are more prevalent than concentrated revenue mixes in strong nonprofit organizations (Denison et al., 2019). Froelich (1999) noted that leader strategies to increase nonprofit organization diversification of revenue mixes could reduce resource dependence on single income sources and aid organizational autonomy. Greenlee and Trussel (2000) proved that nonprofit reliance on diversified revenue mixes increases financial stability and decreases financial vulnerability. Greenlee and Trussel found that nonprofit organizations with multiple revenue streams experience less financial vulnerability than others.

There is evidence that nonprofit organization leader reliance on diversified revenue mixes increases financial stability. Trussel (2002) agreed that nonprofit organization leaders improve financial stability with multiple revenue streams. Carroll and Stater (2009) found that nonprofit leader diversification leads to more excellent financial stability because organizations can rely on alternate revenue streams when any revenue stream declines. Teasdale et al. (2013) argued that nonprofit organization leaders could better negotiate and survive financial shocks with revenue diversification and multiple sources of income. Wicker et al. (2013) offered that nonprofit organization leaders' revenue diversification leads to fewer propensities for financial crises and reductions in fiscal viability. Von Schnurbein and Fritz (2017) offered that extant scholar researcher work on nonprofit organizations primarily supports revenue diversification, not revenue concentration, due to improved organizational financial stability and growth. Daniel and Kim (2018) asserted that revenue diversification could decrease financial vulnerability and increase organizational sustainability by broadening the income base that supports an organization. The extant research of many nonprofit organization scholars supports the beneficial effects of revenue concentration on financial capacity and sustainability for consideration by nonprofit organization leaders as they manage their organizations.

The extant research of many nonprofit organization scholars supports the beneficial effects of revenue diversification on nonprofits' mission and operational performance. Berrett and Holliday (2018) examined whether nonprofit organization leaders' diversification or concentration of revenue strategies led to greater nonprofit mission results and outputs, finding that revenue diversification rather than concentration is associated with increased nonprofit organizational performance and output. Qu (2019) asserted that nonprofit leaders with diverse revenue sources improve nonprofit organizations' community connectedness and financial stability. Hung and Hager (2019) found that nonprofit revenue diversification can increase organizational autonomy, reducing overly leveraged resource dependencies or overbearing funding requirements. Shon et al. (2019) further asserted that nonprofit leader revenue diversification could enable organizations to spend more on administrative, employee, and similar costs. Relatedly, leadership efforts could also positively affect a nonprofit organization’s flexibility on direct and indirect expenses by increasing spending on administrative and indirect costs and reducing organizational spending on program services expenses (Shon et al., 2019). Zhu et al. (2018) discovered that a nonprofit organization's internal and external factors could also affect the degree of revenue diversification. For example, organizations with multiple stakeholder accountabilities, board-level participation in resource mobilization, and operations in less-competitive regions are more likely to display revenue stabilities from revenue diversification. Guan et al. (2021) supported nonprofit revenue diversification for its positive effects on organizational fiscal management. The extant research of many nonprofit organization scholars supports the beneficial effects of revenue concentration on nonprofits’ mission and performance, underscoring consideration by nonprofit organization leaders.

Extant Support for Revenue Concentration. Counter positions to the efficacy of revenue diversification exist in the extant work of some scholar researchers. There is a prevalence of extant researcher advocation for nonprofit organization revenue concentration. The detractors of nonprofit revenue diversification and its adverse effects extend across the topics of revenue stability and volatility, revenue growth, financial capacity and sustainability versus vulnerability, and mission and operational performance. The extant research of many nonprofit organization scholars supports the beneficial effects of revenue concentration on revenue stability and volatility. Frumkin and Keating (2011) found that nonprofit organization leaders can experience greater volatility in finances and revenue when they pursue revenue diversification strategies. Von Schnurbein and Fritz (2017) found that nonprofit organization leaders with high revenue concentrations could grow their organizations strongly. Many extant scholar researchers support the notion that revenue concentration can prevent the detriment of revenue diversification to revenue growth over time (Zhao & Lu, 2019).

Additionally, Qu (2019) found that nonprofit organization leaders with greater revenue concentrations tend towards lower volatility risks; however, the author noted that the specific composures of certain nonprofit revenue models could lead to drastic differences in results. Qu concluded that nonprofit revenue concentration is associated positively with nonprofit revenue volatility for nonprofit organizations relying on donations as a primary funding source or not having a primary source, which does not support nonprofit revenue concentration strategies. However, Qu found that nonprofit revenue concentration is negatively associated with nonprofit revenue volatility for organizations relying on earned income or government funding as their primary income, supporting nonprofit revenue concentration strategies. Hung and Hager (2019) highlighted that increasing revenue diversification by nonprofit leaders could crowd out nonprofit organizations' charitable donations, indirectly advocating revenue concentration strategies. The extant research of many nonprofit organization scholars supports the beneficial effects of revenue concentration on revenue stability and volatility for consideration by nonprofit organization leaders as they manage their organizations.

The extant research of numerous nonprofit organization scholars supports the beneficial effects of revenue concentration on financial stability and sustainability. Qu (2019) found that nonprofit leaders' revenue diversification strategies could increase financial stability by hedging against declines in one income source; however, nonprofit organization leaders should be aware that these diversification strategies embed opportunity cost risks to the resources they deploy in gaining any added financial stabilities. These counter positions to revenue diversification for financial stability and sustainability are valid points for consideration for nonprofit organization leaders.

The extant research of numerous nonprofit organization scholars supports the beneficial effects of revenue concentration on mission and operational performances. Froelich (1999) highlighted that revenue concentration strategies by nonprofit leaders could simplify their organizations by lessening the costs of diversification, including administration, compliance, and structural complexities; reducing internal conflicts; and preventing mission and goal displacement. Frumkin and Keating (2011) asserted that nonprofit leaders that pursue revenue concentration strategies could bring significant benefits, particularly those whose organizations depend on earned income backed by government contracts, including lowering administrative and fundraising expenses. Frumkin and Keating noted that extant research shows a tradeoff between efficiency and stability within which nonprofit organizations with greater revenue diversification can have lower operating efficiencies. Qu (2019) asserted that nonprofit organization leaders that acquire and manage multiple revenue sources raise complications for their organizations. Hung and Hager (2019) agreed that nonprofit leader revenue diversification choices could lead to greater organizational complexity and higher administrative costs for nonprofit organizations. Therefore, more significant nonprofit leader revenue concentration efforts support operational efficiencies and lessen administrative redundancies because nonprofit organization leaders have focused rather than drifting on missional aims (Hung & Hager, 2019). These counter positions to the efficacy of revenue diversification for mission and operations performance do have points for consideration by nonprofit organization leaders in managing their organizations.

Nonprofit Organization Revenue Diversification Measurement*.* The Hirschman-Herfindahl Index (HHI) is a tool scholars adapted to measure nonprofit revenue concentration (Qu, 2019). Initially, researchers applied HHI primarily to the computation of industry or market concentration, which is the inverse of a diversification measure (Garland, 2020). Nonprofit scholars adapted HHI to measure revenue concentration and, by derivation, revenue diversification of nonprofit organizations' revenue mixes. Specifically, HHI allows scholars to quantify an organization's revenue concentration using the number of income sources and income distribution across all sources (Wicker et al., 2013). Tuckman and Chang (1991) reworked HHI as a revenue diversification measurement tool for studying nonprofit organizations. HHI index application allows users to measure revenue concentration; researchers must subtract its variable from 1.00 to measure revenue concentration (Wicker et al., 2013). Chang and Tuckman (1994) recodified their usage of HHI as a revenue diversification index, solidifying the calculation of revenue diversification as the sum of the squares of the shares of the income from individual revenue sources to total revenue (Qu, 2019) and the revenue diversification index to quantify and understand nonprofit diversification versus concentration in their revenue mixes. However, using HHI as a revenue diversification measure received recent questioning. For example, Qu (2019) asserted that HHI potentially ignores organizational complexities and could make it useful only for revenue concentration measurement. Therefore, scholars should use HHI cautiously.

Nonprofit Organization Revenue Growth. Revenue growth is an essential consideration for nonprofit organization leaders. Approximately half of all nonprofit organization leaders have organizations at a life stage of less than $100,000 in annual revenues (Searing & Lecy, 2022). Nonprofit organizations' leaders can grow their revenues by increasing the quantities or the dollar amounts of income in their revenue mixes (Denison et al., 2019). Revenue growth is a positive percentage change in a nonprofit organization's six-year average total annual revenues (Denison et al., 2019). Founders create nonprofit organizations to meet and expand their missions (Froelich, 1999), and their leaders must grow their organizations' revenues to support and expand their operations (Denison et al., 2019). Nonprofit revenue growth remains essential because many local and state governments cut public service funding while escalating program service requirements (Denison et al., 2019). However, nonprofit organization leaders must be careful when growing their revenues because such efforts could change revenue mix diversification and create revenue volatility risks and challenges (Denison et al., 2019). Therefore, nonprofit organizations' leaders must be entrepreneurial in growing their revenues while sustaining financial stability and sustainability (Denison et al., 2019). This guidance requires nonprofit organization leaders to know revenue growth theory and best practices.

Nonprofit Organization Revenue Stability and Volatility. Scholar researchers on nonprofit revenue stability and volatility supply valuable guidance to nonprofit organization leaders. Jordan et al. (2017) defined nonprofit revenue stability as conforming actual revenues to budgeted revenues. Nonprofit revenue stability is measurable with nonprofit revenue volatility. White (1983) defined revenue volatility as the extent to which actual revenues differ from expected revenues. Carroll and Stater (2009) confirmed White's definition of revenue volatility and quantified it with a revenue growth trend regression model calculating revenue volatility as the annual percentage deviation of actual revenues from expected revenues. Jordan et al. confirmed these definitions of nonprofit revenue volatility as the variation in or deviation of actual revenues from projected or budgeted revenues. The measurement of nonprofit revenue volatility can range from zero to infinity, with zero value showing revenue stability; increasingly larger values of the variable show higher revenue volatilities (Carroll & Stater, 2009). It is worth noting that nonprofit revenue growth and shortfall are not equal to favorable or unfavorable revenue volatilities, respectively. Denison et al. (2019) equated revenue volatility to revenue risk, noting that risk managers differentiate between risk and uncertainty, and defined revenue risk as volatility in outcomes measurable in probabilities. Whereas, outcome uncertainty is unexpected and difficult to predict

(Denison et al., 2019). Accordingly, Denison et al. defined nonprofit revenue volatility risk as a standard deviation of the annual growth of nonprofit revenues, conforming with other measures. Nonprofit organization leaders cannot avoid revenue volatility entirely and must manage it.

Nonprofit Organization Financial Management

The fiscal management of nonprofit organizations can be significantly more complex than for-profit organizations. The management of organizations with social missions presents their leaders with the challenge of managing a dual bottom line of balancing their missions with business demands (Searing, 2021). Therefore, it can be crucial for nonprofit organization leaders to accurately prepare and understand their organizations' historical financial statements and make meaningful and reasonable budgetary projections of their organizations' financial future. Nonprofit organization leaders must understand nonprofit financial management because it is a vital performance management area (Aboramadan, 2018). The historical accuracy of financial statements depends on proper accounting standards and controls, which receive supplementation from regulatory oversite, compliance regimes, and attestation services. Moreover, nonprofit organization accounting and systems differ from those deployed in the private sector (Aboramadan, 2018). The reasonable projection of financial futures requires correct historical financial statements, robust budgeting practices, and measured practices of blending the art and science of forecasting future financial statements. By understanding and preparing historical and prospective financial documentation, nonprofit organization leaders can lead their nonprofit organizations successfully.

Nonprofit Organization Financial Statements. Nonprofit organization financial statements are essential for nonprofit organizations' leaders. Financial statements are the bases for monitoring and analyzing the effectiveness of nonprofit organizations and the structure and evolution of income, expenses, assets, and liabilities within their country-specific accounting conventions and regulations (Mazanec & Bartosova, 2021). Current extant research on nonprofit organizations confirms the production of financial reporting as one of the critical mechanisms for nonprofit organizations' accountability (Amagtome & Alnajjar, 2020). End users expect financial statements to be prompt, relevant, high quality, and indicative of nonprofit organizations' current financial health and future growth potential (Razafiarivony & Hosna-Janeta, 2022). Furthermore, the leaders of most nonprofit organizations must complete annual Form 990 filings with the IRS and make those filings available to the public for inspection (Harris & Neely, 2021). These tax forms include several accounting and financial metrics from nonprofit organizations' financial statements. The leaders of nonprofit organizations depend on four primary financial statements. The first statement is the statement of financial position, which parallels the balance sheet of for-profit organizations. The balance sheet presents the total assets, total liabilities, and owners' equity of for-profit organizations at a point in time. The nonprofit statement of financial position adheres to the fundamental accounting equation of the for-profit balance sheet: a for-profit organization's total assets equal its total liabilities plus owners' equity. Both for-profit and nonprofit organizations' total assets equal the value of their current, long-term, and other tangible and intangible holdings. Likewise, for-profit and nonprofit organizations' total liabilities equal the value of their current, long-term, and other debts. However, the difference between a for-profit organization's balance sheet and a nonprofit organization's statement of financial position is substituting the term net assets on the statement of financial position for the term retained earnings on the balance sheet. The computation of retained earnings and net assets is the same; however, the leaders of nonprofit organizations are not their owners and, therefore, cannot retain equity. The statement of financial position is essential in nonprofit financial management.

The second essential statement is the statement of activities. The statement of activities of a nonprofit organization parallels the income statement of a for-profit organization, which presents the total revenue, total expenses, and net income of a for-profit organization during a period. The nonprofit statement of activities follows the same fundamental accounting relationships. Both for-profit and nonprofit organizations' total revenues equal their business income, total expenses equal their business costs, and financial earnings or losses equal their total revenues minus their total expenses over a given period. However, the difference between a for-profit organization's income statement and a nonprofit organization's statement of activities is the term change in net assets on the nonprofit statement of activities versus net income on the for-profit income statement. The computation of both versions is the same. The statement of activities is essential in nonprofit financial management and accountancy.

The third important statement is the statement of cash flows. The statement of cash flows parallels the cash flow statement of a for-profit organization, gauging how much cash flows into or out of an organization. The nonprofit statement of cash flows presents the same categories of cash flow as the for-profit statement of cash flows: operating, investing, and financing activities. Both for-profit and nonprofit organizations' cash flow from operating activities includes the sources and uses of cash in their business operations. Both for-profit and nonprofit organizations' cash flow from investing activities details the sources and uses of cash related to organizations' business investments. Both for-profit and nonprofit organizations' cash flow from financing activities presents the sources and uses of cash from an organization's funding activities. The preparer of the nonprofit statement of cash flows also faces the same two preparation choices as the for-profit preparer, whether to use the indirect or the direct cash flow method of accounting. The indirect cash flow method surfaces with smaller, less complex organizations, adjusting changes in net assets on statements of activities for a given period by increases and decreases in its statement of financial position and non-cash-basis accountancy transactions. Larger, more complex organizations often use the direct cash flow method, computing a nonprofit organization's cash flow directly from its actual cash increases and decreases. Nonprofit organization leaders must understand the moving parts and different approaches to nonprofit organization cash flows.

The fourth critical statement is the statement of functional expenses. The statement of functional expenses is unique to nonprofit organization accountancy without parallels to for-profit organizations' financial statements. Nonprofit organizations' statement of functional expenses shares the same period as their statements of activities. The statement of functional expenses serves to segregate the expenses of a nonprofit organization into the natural accounting classifications of expenses, such as rents, salaries, and depreciation, and the functional classifications of expenses, such as program services, administration, and fundraising (Gordan & Granlund, 2018). Program service expenses relate to the direct mission of the organization, while the other categories of functional classification relate to the indirect administration of running an organization. The statement of functional expenses allows for a better understanding of how efficiently a nonprofit organization works in the context of its direct mission and supportive and administrative activities. So, the statement is critical in nonprofit accountancy and financial management.

Nonprofit Organization Financial Budgets. The leaders of nonprofit organizations rely on financial budgeting and related projections to manage their organizations. Such reliance is not dissimilar from the financial budgeting practices of for-profit organizations. For instance, both for-profit and nonprofit organization leaders take their historical results and operating realities and project them into quantifiable, accurate forecasts of their organizations' futures. However, unlike for-profit organizations, nonprofit organization leaders aim solely to fulfill their missions by actively spending money and resourcefully finding income resources to fund such spending (Albritton et al., 2018). Budgets culminate from technical and political processes, including correctly estimating expenses and revenues and garnering support and approval for these estimates (Jordan et al., 2017). Nonprofit organizations' management and staff prepare the budget documents approved and adopted by boards of directors. They review their organizations' past, forecast the future, set plans and strategies, and prepare annual budgets (Gould, 2021). The result of annual budgeting is the production of a forward-looking combination of the financial statements necessary to an organization, such as a budgeted statement of financial position, a statement of activities, a statement of cash flows, or a statement of functional expenses. The leaders of nonprofit organizations rely on these financial budgeting documents and projections to manage their organizations' futures.

Nonprofit organization budget documents must be as correct as possible. To be so, nonprofit organization leaders must analyze all available data to ensure their organizations can profit, maintain competitiveness, and grow into the future (Gould, 2021). The preparers of nonprofit organization budgets should aim to produce budget documents with minimum variances between organization budgetary projections and actual results, which entails correct projections of revenues, expenses, expenditures, and other items in line with internal and external economic and operating realities. Negative variances result when projections are less favorable than actual results. For example, negative revenue variances result when actual revenue inflows are less than budgeted revenue inflows (Jordan et al., 2017); negative expense variances result when actual expenses are more than budgeted expenses. Negative variances, particularly revenue-related variances, can cut programs and expenses (Jordan et al., 2017). Positive variances result when actual results are more favorable than projections. For example, positive revenue variances result when actual revenue inflows are greater than budgeted revenue inflows (Jordan et al., 2017); positive expense variances result when actual expenses are less than budgeted expenses. As actual events unfold, these positive and negative variances from projections can result in budgetary reforecasting or rebudgeting of original, adopted budgets (Jordan et al., 2017), which might occur monthly, quarterly, or semi-annually via upward or downward revisions in budgeted line items. Therefore, accuracy in original budgeting can reduce rebudgeting and improve nonprofit organizations' stakeholders' reliance on them.

Nonprofit Organization Financial Health. Financial health is an essential prerequisite for nonprofit performance and success. Nonprofit organizations need financial healthfulness for their leaders to remain financially stable and sustainable, fulfill their missions, and positively affect the individuals and the communities they serve with mission-driven, quality programs (Rottkamp, 2020). Unfortunately, most nonprofit organizations would fail many for-profit financial health metrics (Rottkamp, 2020). For example, a SeaChange 2018 survey of the nonprofit financial health of 220,000 organizations in the USA reflected that 7-8% were insolvent with liabilities exceeding assets, 50% did not have a month of operating reserves, 30% were illiquid with modest cash reserves and working capital, and 30% lost money in the recent 3-year period (Morris et al., 2018; Rottkamp, 2020). However, measuring nonprofit organizations' financial health and performance can be challenging. For instance, nonprofit accounting methods and financial statements can be more conducive to organizational stewardship than understanding organizational finances and strategies; nonprofit financial management can be disjointed from program and mission strategies; and nonprofit business models can be unique even across the same program areas (Polanco & Snow, 2018). Fortunately, nonprofit research emphasizing financial health as integral to nonprofit performance led to the development of performance indicators to measure organizational capacity and program performance (Polanco & Snow, 2018). These nonprofit financial health metrics measure or summarize nonprofit conditions or performance in three categories: result, relational, and summative (Polanco & Snow, 2018). Result metrics report numeric totals from financial statements (Polanco & Snow, 2018), such as a nonprofit organization's revenues in one period. Relational metrics compare two or more numbers from financial statements (Polanco & Snow, 2018), such as comparing revenue generated in two periods by the same nonprofit organization. Summative metrics highlight aggregate fiscal health and organizational strategies (Polanco & Snow, 2018), such as the change in net assets over a given period. Therefore, nonprofit organization leaders must understand financial health and its measurement and performance indicators to overcome these nonprofit organizational challenges.

Scholarship on and practice in nonprofit organizations' financial health and performance measurement hastened in and evolved significantly since the early-1990s. The traditional result metric for measuring and reporting a nonprofit organization's financial health and performance is its operating surplus or deficit, which results from subtracting its revenues from its expenses over a given period and gauges whether a nonprofit organization has been profitable over a period. The Financial Accounting Standards Board (FASB) in 1993 codified and extended this traditional approach to nonprofit financial health measurement and reporting in its *Statement of Financial Accounting Standards No. 117* (FAS 117), which included specific guidance for reporting nonprofit profitability as the change in net assets of a nonprofit organization. FAS 117 codified nonprofit organizations' change in net assets as their revenues less their expenses, which results in a total nonprofit operating surplus (or deficit) on an accrued basis of accounting. Nonprofit organizations' change in net assets appears on their statements of activities. FAS 117 also changed the traditional nonprofit financial health measurement and reporting approach by requiring nonprofit organizations to present their net assets as permanently restricted, temporarily restricted, or unrestricted statuses (FASB, 1993). Nonprofit organizations cannot spend the principal of permanently restricted net assets, nor any earnings from them, on purposes other than those appointed by the donor. FASB slightly relaxed the FAS 117 regime on nonprofit financial health measurement and reporting related to net asset restrictions when it released *Accounting Standards Update No. 2016-14: Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). ASU 2016-14, among other things, minimized the classification of nonprofit organization net assets from the categories of unrestricted, temporarily restricted, and permanently restricted net assets to net assets with donor restrictions and those without donor restrictions (FASB, 2016). These developments since the early-1990s qualified and quantified nonprofit organizations' financial health and measurement. However, I subsequently focus on financial stability, capacity, sustainability, and vulnerability.

Nonprofit Organization Financial Stability. Kingma (1993) explored financial stability and found that nonprofit organization leaders must balance financial predictability (revenue stability) with financial unpredictability (revenue volatility). Kingma's version of nonprofit organization financial stability included traditional concepts of revenue volatility. Accordingly, Kingma's definition of nonprofit financial stability allowed budgeted declines in revenues within financial stability. Carroll and Stater (2009) studied financial stability, asserting that nonprofit organizations' financial stability is measurable by their fund balances (restricted and unrestricted net assets). I defined nonprofit financial stability as the state of a nonprofit organization with the requisite revenue stability and fund balance (restricted and unrestricted net assets) to survive in line with the writing of Carrol and Stater.

Nonprofit Organization Financial Capacity. Bowman (2011) described nonprofit financial capacity as a state of having the short-term resiliency to progress towards long-term goals and survive occasional economic shocks, as measurable by positive annual growth in unrestricted net assets, and the long-term ability to support or expand mission services, as measurable by positive annual returns on net assets. Bowman offered that such numbers should be explicit targets by nonprofit organization leaders, both programmatic and organization-specific, resulting in a months of spending (MS) approach for measuring emergency financial capacity as the months of operating expenses available to a nonprofit organization in case of income decreases or stoppages. Bowman defined this calculation as unrestricted net assets minus property, plant, and equipment equity (asset book value minus loan and mortgage balances) divided by operational spending (total expenses minus depreciation and amortization). Bowman's approach to nonprofit financial capacity is distinct but does not entirely contradict more recent financial capacity research findings. For example, some researchers quantify financial capacity as having a certain number of months of operating expenses. Irvin and Furneaux (2021) calculated a reserve fund target for 25 subsectors of nonprofit organizations and found that optimal reserve savings rates can vary up to 1 full year of operating expenses. Nonprofit organizations without financial capacity will face perpetual funding shortages and risk not fulfilling their missions over the long term. Such shortfalls, however, did not represent the thrust of financial capacity, according to Bowman, who emphasized both short-term and long-term approaches to nonprofit financial capacity.

Nonprofit Organization Financial Sustainability. Bowman (2011) described nonprofit financial sustainability as a state of having the following financial capacities: (a) short-term financial capacity, as measurable by positive annual unrestricted net asset surpluses; (b) long-term financial capacity, as measurable by positive annual returns on total assets; and (c) long-term financial capacity equal or greater to the long-term inflation rate. Two time frames exist because management has differing degrees of flexibility for redeploying organizational resources in response to opportunities and threats (Bowman, 2011). Bowman offered that short-term nonprofit financial capacity sustainability is measurable by “mark up (MU)” (p. 43), which he calculated as 100% times the sum of the change in unrestricted net assets plus depreciation divided by spending on operations (Bowman, 2011). Bowman equated this measure to for-profit organizations’ operating margin, with some exceptions. Bowman asserted that long-term nonprofit financial capacity sustainability is measurable as a “status quo mark up (SQ-MU)” (p. 44), which is calculable as an organization’s total assets divided by its spending on operations. SQ-MU equates to the cash value required for an organization to preserve annually to protect the purchasing power of its total assets while servicing any principal loan payments (Bowman, 2011). The SQ-MU calculation implies that nonprofit organizations with zero annual surpluses can sustain zero assets (Bowman, 2011). Lastly, SQ-ROA is equal for all organizations, while SQ-MU depends on organizations' particular assets to expense measures (Bowman, 2011). Bowman's perspective on financial sustainability listed short-term capacity in terms of surviving economic shocks, servicing missions, and chipping away at longer-term goals and long-term capacity in terms of not only growing financial capacity but also ensuring that the replacement costs of assets in service to long-term missions reflect erosions in buying power from inflation. For example, nonprofit organization leaders that sustain their organizations in the long term but not in the short term will be chronically short of cash. In contrast, nonprofit organization leaders that sustain their organizations in the short-term but not in the long term will find their assets and quality and quantity of services eroded by inflation (Bowman, 2011). For these reasons, Bowman defined nonprofit financial sustainability in terms of these periods and capacities.

Bowman (2011) labeled his approach the "sustainability principle" (p. 38), which needed consistency across short-term and long-term financial capacity sustainability. The sustainability model makes two assumptions. The first assumption was that nonprofit organizations' leaders' long-term objectives were to maintain or expand their services (Bowman, 2011). The second assumption was that their short-term objectives were to develop resilience to periodic economic shocks and progress toward long-term objectives (Bowman, 2011). Both long-term and short-term capacity choices were in the setting of organizational leaders, which they must pick within the contexts of their missions, values, service delivery methods, external and internal threats, risk propensities, and human resource capabilities (Bowman, 2011). Long-term capacity is the most flexible for nonprofit organizations (Bowman, 2011). Chikoto-Schultz and Neely (2016) agreed with Bowman that financial sustainability should include growth in nonprofit organizations' financial capacities. Rottkamp (2020) also agreed with Bowman that nonprofit organization leaders face unique organizational and economic challenges to financial sustainability (Rottkamp, 2020). In summation, Bowman presented this study's operative definition of nonprofit organizations' financial sustainability.

Nonprofit Organization Financial Vulnerability. Nonprofit financial vulnerability is an essential topic for nonprofit finance scholars and practitioners. Financial vulnerability is the susceptibility of an organization to financial problems (Burde, 2018). Various financial measures of financial vulnerability surfaced in recent decades, particularly those using operating reserves as a guide (Kim & Mason, 2020). Scholars have developed a significant amount of extant literature that quantifies financial vulnerability using financial ratios in recent decades, which assembled a useful and evolving definition and description of nonprofit unhealthfulness (Searing, 2018). Tuckman and Chang (1991) defined nonprofit financial vulnerability as the likelihood that a nonprofit organization will reduce its services during a financial shock. Tuckman and Chang created a benchmark for predicting financial vulnerability in nonprofit organizations, known as the Tuckman-Change Model (Bowman, 2011). Tuckman and Chang supplied a four-variable model for predicting nonprofit financial vulnerability, which they measured and predicted using four criteria: equity access, revenue diversification, administrative costs, and operating margins. Tuckman and Chang defined equity access as nonprofit organizations' total assets minus total liabilities, which can be unrestricted or restricted and liquid or illiquid, noting that inadequate equity leads to nonprofit organization vulnerability. Tuckman and Chang attributed high equity access to less nonprofit financial vulnerability and low equity access to high financial vulnerability. Tuckman and Chang defined revenue diversification as the number and dispersion of income sources in nonprofit organization revenue mixes, measurable with a revenue concentration index derived from HHI. Tuckman and Chang attributed high revenue diversification with less financial vulnerability and low revenue diversification with more financial vulnerability. Tuckman and Chang defined administrative costs compared to other nonprofit expenditures, asserting that high administrative costs make nonprofit organizations less financially vulnerable and that low administrative costs make them more financially vulnerable. This relationship exists because nonprofit organization leaders working at low levels before financial distress already operate marginally. Tuckman and Chang noted that a nonprofit organization's net operating margin is measurable as revenues less expenditures divided by revenues, with high operating margins indicative of less financial vulnerability risk and low operating margins indicative of more financial vulnerability risk. The quantification of all measures results in a nonprofit organization's financial vulnerability metric, ranging from at-risk to severely at-risk from the lower quintile of one metric or the lower quintile of all metrics, respectively (Bowman, 2011).

Accounting-based approaches to nonprofit financial vulnerability hastened after Tuckman and Chang (1991). Other researchers focused their efforts on different iterations of financial vulnerability measurement. Kingma (1993) solely focused on quantifying financial vulnerability in terms of revenue diversification and MVT. Other researchers, such as Greenlee and Trussel (2000) and Trussel (2002), remained faithful to the Tuckman-Chang model's 4 variables; however, these researchers mutated the definition of financial vulnerability (Bowman, 2011) to be the decline in the proportion of revenue to expenditures by 20% over 3 years (Greenlee & Trussel, 2000; Mazanec & Bartosova, 2021) and the decline in net assets over 20% over 3 years (Mazanec & Bartosova, 2021; Trussel, 2002). Tuckman and Chang also focused on short-term reactions to financial shock, while these other researchers did not (Bowman, 2011). Bowman (2011) also shifted the approach to financial vulnerability measurement, juxtaposing the Tuckman-Chang Model with the first fundamental alternative approach to defining and measuring financial vulnerability since Tuckman and Chang. Bowman's financial vulnerability model assumed that nonprofit organizations' long-term objectives are to maintain or expand their service offerings, and short-term objectives are to be resilient to financial shocks while working towards long-term goals and objectives, resulting in the sustainability principle discussed in previous sections, which requires annual nonprofit surpluses equal to the maintenance of asset values at their replacement costs while keeping adequate short-term financial resources. Mazanec and Bartosova (2021) defined nonprofit financial vulnerability as an organization in liquidation, which they did not define explicitly. Interestingly, the extant research development on financial vulnerability crowded out the development of nonprofit organization resiliency theory, which is the inverse of the study of nonprofit financial vulnerability (Searing et al., 2021). Searing et al. (2021) began working on this inversion to set up a qualitative, nonprofit framework of resilience measuring financial, human, outreach services and programs, and leadership and management metrics.

I defined nonprofit financial vulnerability as the antithesis of Bowman's (2011) sustainability principle for my research. Specifically, nonprofit financial vulnerability is the state of a nonprofit organization unlikely to meet its short-term aims of remaining resilient to financial shocks and working towards its long-term goals and long-term objectives of maintaining or expanding its service offerings, which are measurable in terms of inadequate short-term financial resources and annual nonprofit surpluses or deficits less than the maintenance values of assets at replacement costs, respectively.

Contrasting and Rival Theory: Modern Portfolio Theory (Mean-Variance Theory)

Markowitz created the mean-variance portfolio theory (MVT) in 1952. Markowitz (1952a) prescribed investors to assemble dissimilar, individual asset holdings into efficiently diversified portfolios that reduce risk (volatility) and increase expected returns. His prescription requires investors who do not account for high correlations amongst individual securities to construct portfolios that minimize securities with prices that move together (Warue et al., 2018). Although MVT is technically complex (Warue et al., 2018), it prescribes that investors assemble diversified portfolios from less correlated assets to gain higher returns with lower volatility. For the first time in the finance literature, Markowitz quantified the risk and return of an asset portfolio, leading to the means and methods to construct portfolio research, laying the foundation for portfolio theory and model research constructs (Li et al., 2021). Markowitz conceptualized the complexities of portfolio choice from differing and various assets as a two-dimensional problem that balances the expected return (mean) of the portfolio with the expected risk of the portfolio (variance) (Qu, 2019). Markowitz proved so robust that MVT displaced contemporary and traditional asset-selection approaches by focusing on the entire security market and broad portfolio selection rather than individual security investment selections and allocations (Warue et al., 2018). MVT is now standard finance theory, dubbed modern portfolio theory (MPT; Leković, 2019). Markowitz and his theory permanently altered the field of finance with his instructions to investors and financial decision-makers.

Markowitz (1952a) sketched a portfolio selection process in his work. He detailed the two steps of investor portfolio creation: security selection based upon beliefs about future performance and portfolio assemblage from securities (Markowitz, 1952a). Markowitz did not focus his germinal work on the first step of the process and instead focused on the second asset allocation stage. The first step pertains to how investors shape the specific securities they choose from their investment selection process (Markowitz, 1952a). The second step pertains to how investors should assemble a basket of individual selections into one portfolio that maximizes return expectations for a given level of risk (Markowitz, 1952a), which is the thrust of the monumental financial theory phase change that resulted from his MVT theory. Although each step is necessary for constructing a portfolio, Markowitz left the investment selection process to other scholars and practice and focused on portfolio efficiency.

The theory's distinction is in Markowitz's bifurcation of portfolios into either efficient or inefficient varieties (Markowitz, 1999). Investors guided by MPT are perfectly rational investors that dispense with emotions while maximizing their wealth (Leković, 2019). MPT investors only care about risk aversion, measuring investment risk as the standard deviation of returns (Leković, 2019). The most crucial goal of MPT investors is to maximize their returns at a risk preference level applied to their aggregate portfolio (Leković, 2019). MPT investors design portfolios using expected risk-to-return guidance, resulting in one optimum allocation scheme and efficient portfolio for their given risk and return parameters (Leković, 2019). However, optimum portfolios differ across individual investors as each portfolio is bespoke by investors to unique risk tolerance levels and security holdings (Leković, 2019). MPT investor behavior to ensure their portfolios are efficient.

Markowitz crafted MPT to be distinct from the other portfolio theories of finance because of Markowitz's approach to portfolio efficiency prescription. Markowitz's theory normatively approached investment decision-making, offering how investors should make decisions (Leković, 2019). In MPT, Markovitz offered that individuals should select from alternatives with each alternative's outcome and effect on their levels of wealth in mind (Shefrin & Statman, 2003). Also, through MPT, Markowitz guided individuals to select risk-aversion over risk-seeking (Shefrin & Statman, 2003). Additionally, Markowitz crafted the theory to account for expectations that individuals view risk objectively and probabilistically (Shefrin & Statman, 2003). In MPT, Markowitz also denied that individuals frame the alternatives of decisions and that such framing would affect individuals' choices (Shefrin & Statman, 2003). Lastly, through MPT, Markowitz postulated that individuals are rational decision-makers (Veni & Kandregula, 2020). The extension of this thought broadly to the economy implied that the prices of shares always incorporate the correct information on company fundamentals and only change when improved information appears (Veni & Kandregula, 2020). Observers can understand and apply MPT investment and financial decision-making from this basket of distinctions.

Portfolio Selection and Optimization

Markowitz (1952a) defined the criteria for portfolio selection as expected return (or mean return, labeled as E) and portfolio return variance (labeled as V), noting that his criteria could be both descriptive of and prescriptive for human investment behavior. Markowitz proposed that the weighted average of the expected returns of investors' individual securities equals the expected return of investors' aggregate portfolio (Markowitz, 1999). Markowitz also proposed that the covariances of investors' individual securities and their percentage weights in an investors' aggregate portfolio equal their aggregate portfolios' return variance (Markowitz, 1999). In conjunction, MPT investors optimize their portfolios to maximize their utilitarian benefits (Leković, 2019). However, MPT optimal portfolios vary across investors because of their different risk tolerances (Leković, 2019). So, portfolio selection for each investor can be theoretically different.

Markowitz (1952a) advocated for efficient investor portfolios across all investors regardless of their risk perspectives. This advocation entails that optimal diversification must occur before such events occur. The optimal diversification level for MPT investors results from marginal analysis when increasing diversification until the marginal benefits of diversification no longer exceed the marginal costs (Statman, 2004). An optimal portfolio using MPT maximizes an investor's utility by reaching a maximum expected return balanced for the investor's preferred risk level (Leković, 2019). Diversification in MPT reduces risk, carrying costs, and transaction costs (Statman, 2004). Risk in MPT is the portfolio return standard deviation (Statman, 2004). Declining correlations between holdings increase the marginal benefits of diversification decisions (Statman, 2004). The expected standard deviation of a portfolio declines as the investor diversifies (Statman, 2004). Optimal diversification results from the expected individual stock correlation, buying and carrying costs, and expected equity premium (Statman, 2004). The idea of efficient frontiers surfaces in such optimizations.

Efficient Frontier

Markowitz (1952a) defined the criteria for efficient frontiers. The author's work supplied sets of mean-variance efficient combinations of portfolios from which investors should pick the most efficient portfolio for their specific level of risk (Markowitz, 1999). Markowitz prescribes the efficient frontier, a piecewise parabolic function of efficient mean-variance combinations of a piecewise linear function of efficient portfolios connected by straight lines (Markowitz, 1999). The mean-variance efficient frontier appears for each investor from coordinates that maximize their expected returns for each predefined level of portfolio risk (Shefrin & Statman, 2000). Researchers can draw these varying levels of expected returns against associated levels of risk to trace out the efficient frontier curve (Das et al., 2010) in graphical presentation formats. Each investor faces the curve depicting expected portfolio returns for given levels of risk from which they are to choose one aggregate portfolio. The efficient frontier became a fundamental mainstay of MPT (Shefrin & Statman, 2000). It thoughtfully and efficiently depicted MPT investors' infinite choices for the most rational investment behavior. Markowitz permanently altered how investors perceive risk, expected returns, and portfolio construction from these criteria.

Applications to Nonprofit Finance

Two scholars notably applied MPT to nonprofit finance. Kingma (1993) modeled nonprofit organization leaders' objectives of choosing optimal revenue mixes that minimize unpredictable changes in revenue sources (risk) and maximize expected mission service returns. Specifically, Kingma modeled the (a) expected return on the revenue mix with the weighted sum of the expected percentage changes in individual sources and (b) the risk based on both the variances of individual sources and the covariances between them (Qu, 2019). Jegers (1997) next expanded on Kingma's model by introducing nonprofit organization leaders' risk preferences into consideration regarding the choice of optimal revenue mix and income source combinations (Qu, 2019). For example, Jegers added that observers should be aware of any complications these revenue-maximizing and risk perspectives added to nonprofit applications of revenue diversification approaches using MPT. Specifically, Jegers felt that while portfolio investors proportion their assets from the beginning of an optimized theoretical portfolio, nonprofit organization leaders can only aspire to reach their optimal revenue expectations and compositions following actual income receipts. Therefore, observers might need to employ MPT diagnostically rather than prescriptively (Qu, 2019).

Review of the Professional and Academic Literature Themes

I discovered strategic themes in my review of the professional and academic literature that nonprofit organization leaders could employ to grow revenue for financial sustainability when charitable contributions cannot fund business operations. The first theme is that nonprofit organization leaders can implement strategies to increase the number of or growth rates in the income sources of their organizations’ revenue mixes. This action can be in response to overcoming charitable donation deficiencies or implementing strategies to increase charitable donations. Revenue growth strategies must also include the strategic considerations that such actions could have on their organizations’ revenue mix diversifications and concentrations, decreasing revenue volatility and increasing revenue stability, and increasing financial stability, financial capacity, and financial sustainability. The second theme is that nonprofit organization leaders can behave like BPT investors when they grow organizational revenue for financial sustainability when charitable contributions cannot fund business operations. Nonprofit organization leaders, like BPT investors, can balance risk and rewards from their actions into layered pyramids without regard to covariances within their revenue mix income sources. To my knowledge, such an application of BPT to nonprofit finance is limited in the extant literature, and my study fills a gap in the literature on nonprofit finance and BPT.

Transition

In Section 1, I presented the foundation of my study based on several elements. I codified the background of the problem element. I offered that the sheer number of nonprofit organizations coupled with a stable charitable giving landscape could lead some nonprofit organization leaders to question if they have crafted proper strategies for achieving sustained revenue growth and financial sustainability. I then crafted the problem statement element, in which I stated the general business problem that some nonprofit organization leaders cannot grow organization revenue for financial sustainability and the specific business problem that some nonprofit organization leaders lack strategies to grow their organizations' revenue for financial sustainability when charitable contributions cannot fund business operations. I next created a purpose statement element, in which I noted that the purpose of my study was to explore the strategies that nonprofit organization leaders employ to grow their organizations' revenue for financial sustainability when charitable contributions cannot fund business operations. Additionally, I drafted the nature of the study element, in which I highlighted my rationale for choosing the qualitative research method and single case study design over other research methods.

Next, I codified the research question and interview questions elements, in which I probed for the strategies nonprofit organization leaders use to grow revenue for financial sustainability when charitable contributions cannot fund business operations. I then highlighted my conceptual framework element, Shefrin and Statman's (2000) BPT. Further, I crafted the operational definitions and assumptions, limitations, and delimitation elements of my study, within which I supplied critical components of my study's architecture. I next reviewed the significance of the study element, in which I underscored the potential contributions to business practice and implications for social change components of this element. Lastly, I drafted the review of the professional and academic literature element of my study, which included a substantial review of the extant literature on my conceptual framework, BPT; research topic, nonprofit organization finance; and contrasting and rival theory, MPT. My critical review of my study's professional and academic literature confirmed a need for renewed research in my chosen field.

In Section 2, I include a restatement of my purpose statement from Section 1. I then present the following additional research elements: role of the researcher; participants; research method and design; population and sampling; ethical research; data collection instruments; data collection techniques; data organization techniques; data analysis; and reliability and validity. I next include a transition and summary to the elements of Section 3.

In Section 3, I include my in-depth, nonprofit client organization research using the 2019–2020 Baldrige Excellence Framework (Baldrige Performance Excellence Program, 2019). I include the following elements in Section 3. I incorporate an organizational profile, which includes an organizational description and organizational situation. Next, I codify a leadership triad, which encompasses an analysis of leadership, strategy, and customers. Then, I present a results triad, in which I include sections on workforce, operations, and measurement, analysis, and knowledge management. Also, I incorporate a collection, analysis, and preparation of results section. In this section, I include thematic findings; product and process results; customer results; workforce results; leadership and governance results; financial, market, and organizational strategy results, and key themes. Also, in this section, I present a project summary; contributions and recommendations; application to professional practice; implications for social change; recommendations for action; recommendations for further research; reflections; and conclusions.

Section 2: The Project

In Section 1, I introduced my foundation of the study. I codified in this foundation my background of the problem; problem statement; purpose statement; nature of the study; research question; interview questions; conceptual framework; operational definitions; and assumptions, limitations, and delimitations. In addition, I continued with the significance of the study, including my contributions to business practice and implications for social change. Next, I added a review of the professional and academic literature. I included the following sections in the literature review: application to the applied business problem, the conceptual framework of BPT, the research topic of nonprofit finance, the contrasting and rival theory of MPT, the review of the professional and academic literature themes; and the transition. In this section, I investigated and explored the strategies that nonprofit organization leaders use in growing their organizations' revenues for financial sustainability when charitable contributions cannot fund their business operations in the contexts of (a) my conceptual framework of BPT, (b) my research topic of nonprofit organization finance, and (c) my contrasting and rival theory of MPT.

In Section 2, I reintroduce my research purpose statement and introduce the role of the researcher. Next, I review my participants, research method and design, population and sampling, and ethical research elements. Then, I list my data collection instruments, data collection techniques, data organization techniques, data analysis, and reliability and validity elements. I then conclude with a transition and summary of Section 2. In this section, I present and explain my process for exploring the strategies that nonprofit organization leaders use in growing their organizations' revenues for financial sustainability when charitable contributions cannot fund their business operations while (a) objectively assessing and analyzing the evidence presented by the phenomenon of my study and (b) protecting my human participants and their personal, professional, and organizational data.

Purpose Statement

The purpose of this qualitative single case study was to explore the strategies that nonprofit organization leaders employ to grow organization revenue for financial sustainability when charitable contributions cannot fund business operations. The target population for my study was the leadership of a small nonprofit organization in Wisconsin that developed and implemented successful strategies to grow revenue for financial sustainability in funding the organization's business operations. Through my work, I hope to contribute to positive social change by enabling leaders of nonprofit organizations to deliver more services and employment possibilities to needy individuals, families, and their communities

Role of the Researcher

Qualitative researchers must understand their role while exploring and studying phenomena. The role of the qualitative researcher is to study participants to gain deep knowledge and understanding of a phenomenon from data collected from interviews, public information, archives, or related behavioral observations (Yin, 2018). As the qualitative researcher in this study, my role included collecting, sorting, analyzing, and interpreting data related to my study's phenomenon. I employed a case study design in my qualitative research. Qualitative researchers use case studies when the design's unique logic and data collection and analysis techniques can help all-encompassing inquiries explore and study contemporary phenomena (Yin, 2018). Kabir (2016) asserted that researchers who use case study designs enable more detailed investigations of phenomena than other designs. Specifically, I used a single case study qualitative design in my study. Qualitative researchers execute single case studies when they intend to explore and study only one case without replicating findings across multiple case studies (Saunders et al., 2015). I explored and studied my chosen phenomena by clearly understanding my role as a researcher.

As the only qualitative researcher in this single case study, I collected data by interviewing nonprofit organization leadership and compiling public and private organizational information. I did not have a preexisting relationship with the organization or its leadership before becoming the qualitative researcher in this study. I sorted and analyzed my gathered data into a nonprofit organization profile of internal and external factors, leadership, strategy, customers, workforce, operations, and knowledge management using the 2019–2020 Baldrige Excellence Framework (see Baldrige Performance Excellence Program, 2019). Additionally, I conducted open, informal interviews and semistructured interviews with the only leader participant in my qualitative single case study. Using telephonic conferences, I explored the phenomenon through the participant's responses and perspectives. I conducted open, informal interviews with predetermined, meeting-specific topics. I constructed semistructured interviews with predetermined, meeting-specific topics and specific interview protocols and questions related to the purpose of my research to prevent research bias. As the only qualitative researcher in this single case study, I avoided research bias while collecting data by interviewing nonprofit organization leadership and compiling public and private organizational information to protect the integrity of my research and its findings.

Before becoming the qualitative researcher in this study, I did not have experience with the 2019–2020 Baldrige Excellence Framework. In this researcher role, I served as the sole qualitative researcher in this single case study. I interpreted, collected, sorted, and analyzed data into extractions. Next, I reported my results, including thematic findings and internal and external stakeholder results. Then, I presented critical findings around strengths and opportunities before concluding with a project summary, contributions and recommendations, application to professional practice, implications for social change, recommendations for action and further research, and related reflections and conclusions. I improved my understanding of my phenomenon by exploring nonprofit organization leaders' strategies to grow revenue for financial sustainability when charitable contributions cannot fund business operations.

Qualitative researchers must understand ethical research protocols when exploring and studying human subjects. Societal demands for the inclusion of such ethical research protocols in human-related research heightened in the 1960s and 1970s (Schupmann & Moreno, 2020), resulting in the publication of the *Belmont Report* (National Commission for the Protection of Human Subjects of Biomedical and Behavioral Research [NCPHSBBR], 1979). I had no experience with the *Belmont Report* before becoming the qualitative researcher in this study. The *Belmont Report* named three ethical principles relevant to human subject research (i.e., respect for persons, beneficence, and justice) and three additional requirements for researchers to use when applying its three principles (i.e., informed consent, appropriate risk and benefit assessment, and proper selection of research subjects and outcomes; NCPHSBBR, 1979). In my study, I followed the principles and requirements of the *Belmont Report*, resulting in human ethical research while I explored my phenomenon.

Qualitative researchers in Walden University's DBA program and consulting capstone must also understand the added responsibilities of their DBA research agreement and Walden University's Institutional Review Board (IRB) research approval. I did not have any prior experience with either of these frameworks. Walden University administrators and my nonprofit client organization leader made and entered into the DBA research agreement on January 13, 2020, codifying my research's term and termination, research, student responsibilities, and mutual responsibilities of all parties. I applied to Walden University's IRB on September 27, 2020, and received approval on October 16, 2020, to begin ethical data collection in my research. My IRB number is 10-16-20-1023137. I must follow specific guidelines for using preapproved data collection procedures for interviews, public records and documents, and privately held records in line with Walden University's consulting capstone manual. Walden University's IRB protects the university's ethical standards and regulatory requirements for research in the USA by weighing the anticipated risks and benefits to human participants from research (Walden University, n.d.). I could not collect data or recruit participants (Walden University, n.d.) until Walden University IRB approved my study. Qualitative researchers in Walden University's DBA program consulting capstone must not act without fully understanding the added responsibilities governed by their DBA research agreement and IRB research approval.

Qualitative researchers must understand and mitigate research bias and avoid perceiving collected data through personal lenses and perspectives. The presence of researcher bias can affect the credibility of research findings (Yin, 2018). Saunders et al. (2015) defined and explained research bias as the presence of research factors that prevent the objective collection, analysis, or reporting of response data. Qualitative researchers should behave transparently, objectively, and without partiality, deception, misrepresentation, dishonesty, or recklessness (Saunders et al., 2015). Marshall and Rossman (2016) noted that research biases could result from researchers' passions and excitement for a particular research topic. Researchers should be aware of and avoid biases created by personal lenses and ideologies that interfere with data collection, analysis, and reporting (Fusch & Ness, 2015). Marshall and Rossman also found research biases introduced through the researchers' identities, values, and experiences. Additionally, even researchers conscientious of avoiding research bias can introduce bias unconsciously through their thoughts and actions (Sonuga-Barke, 2017). Qualitative researcher behavior is critical in qualitative research because the qualitative researcher is often the primary or sole data collection instrument for exploring, describing, explaining, documenting, and storing collected data (Chenail, 2011; Collins & Cooper, 2014; Jones & Donmoyer, 2021; Karagiozis, 2018; Marshall & Rossman, 2016; Yates & Leggett, 2016). Such a preponderance of data responsibilities makes the role of the qualitative researcher even more essential in removing or mitigating research bias because so much of the data that the qualitative researcher collects is in the form of participant interviews that the researcher sorts and analyzes into themes and interpretations to report. Chenail (2011) asserted that the interviewer could interject the most risk to the trustworthiness of a qualitative research study. Qualitative researchers can significantly reduce research bias by correctly understanding how to interview and collect related data.

As the primary instrument for data collection, analysis, and reporting in my single case study, the preponderance of which surfaced from participant open, informal interviews and semistructured interviews, I had to understand and introduce an interview protocol to limit bias while collecting data. I also needed to avoid viewing collected data through any personal lenses or perspectives by being aware of myself and my potential for making wrong or incomplete assumptions and societal or cultural assumptions that were false. Plentiful academic research exists on qualitative interviewing. For example, Chenail (2011) noted that interviewers construct interview questions, collect and interpret response data, and control the interview sessions with a series of nonverbal and verbal signals that can affect the interview. McGrath et al. (2018) asserted that researchers could use interviews to explore phenomena deeply through participants' perspectives, experiences, and comprehensions. McGrath et al. noted 12 tips for improving the conduction of qualitative research interviews. Researchers can also research proper interview protocols to use as guides through bias avoidance and mitigation. Castillo-Montoya (2016) asserted that researchers that use an interview protocol adhere to a set of questions by the researcher to the participant for guiding semistructured, open-ended inquiries.

I improved my ability to limit research biases in my study with several factors as I collected, sorted, and analyzed data. My inexperience with qualitative, single case study research, the 2019–2020 Baldrige Excellence Framework, and the *Belmont Report*, coupled with my unfamiliarity with the client organization and its locale, reduced the likelihood of me bringing biases and personal lenses and perspectives into my research as I collected, sorted, analyzed, and interpreted data in my research. Specifically, I studied these tools and entities for the first time. Additionally, I increased my understanding of research bias and its mitigation by studying the *Belmont Report* and its principles and applications. I wanted to mitigate research bias by understanding its causes and implementing specific procedures to prevent them in my research within the context of the apex regulatory source document. Lastly, I reviewed germinal and current academic research to understand qualitative research bias and mitigation. Fourthly, I prepared interview protocols prior to each meeting and sent calendar invitations to my participant, framing conversations with one or more specific topics and specific interview questions. Most of my questions allowed for open-ended communication between myself and the participant. Within the consulting capstone, these activities aimed at a business problem and collected data about organizational improvement. I recorded and professionally transcribed all interviews of my participants at once, supplying copies of important transcriptions to the participant for review and confirmation or correction.

Participants

The population of my study was the leadership of a small nonprofit organization in Wisconsin that entered into a DBA research agreement with Walden University on January 13, 2020, for Baldrige Excellence Framework consulting services from a consulting capstone program student. Walden University leadership enables consulting capstone faculty to assign scholar consultants from the consulting capstone program to client organizations for such services. Client organizations must be active for at least 5 years to become client organizations in the program. Walden University faculty assigned me as a scholar consultant to the Wisconsin nonprofit organization. As part of my assignment with my client organization, I interviewed the executive director as a participant, aiming to navigate, triangulate, and validate my collected data from and on my organization. I gained the required letter of consent for my study from the executive director of my client organization on December 22, 2020, explaining my study's interview procedures, voluntary nature, risks and benefits, privacy, and faculty contact.

I gathered data for my study by following Walden University’s preapproved IRB requirements, which I received approval for on October 16, 2020. Then, I could begin interviewing participants and researching public records or documents and privately held records. I gained access to my participant with the following strategies. I contacted my client contact via email initially, offering my contact information and asking for interview consent. After that, I telephonically conducted client contact interviews with transcribed records of each interview. I emailed my client contact to set up meeting times or receive documentation. My client emailed me board minutes and other business-related documents from recent years. Additionally, I found public documents and information from open sources, such as the organization's webpage and the internet.

The eligibility criteria for selecting participants from my study's population was an executive employment relationship with my client organization. My participant was at least 18 years of age and a managerial employee of my client organization. Eligibility criteria are essential for qualitative researchers because interviews form much of the data source for collection. Applicability of eligibility criteria can improve the production of relevant data. My participant's characteristics aligned with the overarching research questions due to their nature as the organization's executive director. Participants serve primarily as researchers' interview data collection sources and secondarily as case study draft reviewers (Yin, 2018). I established a working research relationship with my participant by communicating bi-weekly via email or telephonic interviews. Participants and researchers that create effective working relationships and trust also underpin verifiable, unbiased, relevant research studies (Puolakanaho et al., 2019). The purpose of my qualitative single case study was to explore strategies that nonprofit organization leaders employ to grow organization revenue for financial sustainability when charitable contributions cannot fund business operations. The participant in my study works as the executive director, which is an executive employee of my client organization, and succeeded in developing and implementing successful strategies to grow organization revenue for financial sustainability when charitable contributions could not fund business operations.

Research Method and Design

Research Method

I used the qualitative method to explore strategies that nonprofit organization leaders employ to grow organization revenue for financial sustainability when charitable contributions cannot fund business operations. Researchers deploy qualitative approaches when interpreting, narrating, and analyzing real-world phenomena (Taguchi, 2018) and the subjective meanings attached to them (Yin, 2018). Researchers apply qualitative research methodologies to reveal humans' direct experiences and actions undertaken during social activities (Bryman, 2008; Kekeya, 2021; Mutch, 2005). The qualitative researcher learns of participants' thoughts and perspectives about a phenomenon through open-ended inquiry with less quantifiable data (Jones et al., 2019), such as data collected from words, documents, and texts or direct observation of participants in social settings and their changing feelings and experiences over time (Ary et al., 2002; Bryman, 2008; Cohen et al., 2011; Denzin & Lincoln, 2003; Johnson & Christensen, 2008; Kekeya, 2021; Lincoln & Guba, 1985). The strategies of qualitative researchers, including interviews, observations, and documentary examinations, present many opportunities for mining robust descriptive data from the lived experiences and actions of participants from which the qualitative researcher can enhance understanding of a particular situation and phenomenon (Burns, 2000; Kekeya, 2021; Mutch, 2005; Naderifar et al., 2017). The qualitative researcher keeps the integrity of such research strategies and opportunities with research protocols particular to qualitative research designs, voluntary consent of participants, and enablement of positive, constructive relationships with their participants

(Ary et al., 2002; Bryman, 2008; Kekeya, 2021; Lincoln & Guba, 1985; Punch, 2009). Additionally, the qualitative researcher maintains the trustworthiness of their research, which they govern with the overarching methods and processes applied to the study in terms of inquiring into truth, validity, and account reliability, by ensuring that their findings directly correlate with the original, verbatim data collected from their participants (Bryman, 2008; Cohen et al., 2011; Kekeya, 2021). My application of the qualitative method, with its integrity and trustworthiness, to explore strategies that nonprofit organization leaders employ to grow organization revenue for financial sustainability when charitable contributions cannot fund business operations proved justifiable, particularly over other research methodologies.

The justification for using the qualitative research method over quantitative and mixed method research methods is as follows. I employed the qualitative research method in this study because it best suited my purpose of exploring a nonprofit leader's strategies for growing organization revenue for financial sustainability by directly querying participants and learning from their verbal and written experiences. Since such an exploration of nonprofit leader's strategies is the exploration of a business problem, the qualitative research method is highly applicable because qualitative researchers can make sense of and interpret participants' experiences in their natural settings and contexts while protecting participants and understanding their evolutions related to phenomena (Fusch et al., 2017; Holloway & Galvin, 2017; Marshall & Rossman, 2016). Furthermore, qualitative researchers aim to answer why, what, and how questions on a phenomenon (McCusker & Gunaydin, 2015) with interviews, documentary research, and observations

(Park & Park, 2016). I selected this research method because it best matched my research questions and conceptual frameworks, which should guide researchers' research methods (Alavi et al., 2018).

I did not use the quantitative research method in this study because I did not study variables' characteristics or quantitative relationships. Furthermore, I did not integrate and measure data using statistical methods and projections, which is fundamental to the quantitative researcher (Jones et al., 2019). I did not use the mixed method, in which I would have synchronized quantitative and qualitative methods to understand a phenomenon and answer complex research questions (Dopp et al., 2019; Jones et al., 2019; Marshall & Rossman, 2016; McCusker & Gunaydin, 2015) because I did not merge analytical and data collection processes, study the characteristics of variables or their quantitative relationships, nor invest costly time and resources beyond the scope of my research purpose (McCusker & Gunaydin, 2015). I relied on the purpose of my research to justify a quality approach to my study and set the stage for further dedication to a research design.

Research Design

I applied a case study design in this study to explore strategies that nonprofit organization leaders employ to grow organization revenue for financial sustainability when charitable contributions cannot fund business operations. Researchers select research designs to encompass the procedures governing a specific paradigm of research (Kekeya, 2021). Therefore, qualitative researchers must know and understand the different qualitative research designs. For example, qualitative researchers typically select from five research designs: ethnography, narrative, phenomenological, grounded theory, and case study. I used the qualitative case study design in this study because I explored a nonprofit leader's strategies to grow organization revenue for financial sustainability when charitable contributions cannot fund business operations, which is an in-depth inquiry into a modern, real-world social science phenomenon (see Yin, 2018) and consistent with qualitative business management research requirements (see Welch et al., 2013). Furthermore, the design of qualitative case studies encompasses the data gathering tools, techniques, and analyses; ethics; and methodologies to ensure the trustworthiness of qualitative research studies (Bryman, 2008; Cohen et al., 2011; Kekeya, 2021; Mutch, 2005). The researcher collects data within a qualitative case study from documents, interviews, observations, archives, and related sources (Yin, 2018). Case study researchers often carry out these goals by formulating research questions that extract the qualities and characteristics of their unique cases via participant representations, collecting data primarily through one-on-one interviews within which participants describe the case, observing the participants and their settings within the context of the case, and analyzing data comparatively and thematically (Tomaszewski et al., 2020). Researchers using case study designs can supply robust understandings of participants' historical experiences outside the qualitative researcher's control (Yin, 2018), resulting in a business case and an in-depth understanding of its contexts (Tomaszewski et al., 2020). For these reasons, I used the case study design in this study.

I did not use the other qualitative research designs for my study. For example, I did not use an ethnographic research design, which researchers use when studying the cultures of groups of people by directly taking part in their activities (see Brewer, 2000), because the purpose of my research was not to study the cultures of groups of people in their natural settings nor take part in their activities directly. I did not use a narrative research method in this study, which researchers employ in studying individuals' lives and histories through their stories (see McNulty & Zattoni, 2013), because I did not capture common group understandings of the selected phenomenon. I did not use a phenomenological research method design, which researchers use to document common group phenomenon understandings and shared experiences (see Moustakas, 1994), because I did not collect individuals' life histories. I did not use a grounded theory research method design in this study, which researchers deploy for comparatively analyzing data to discover or construct theory (see Tie et al., 2019), because I did not look for theories in comparative data related to the phenomenon. Therefore, I did not employ the other qualitative research designs in my study.

I used the single case study design in this study, instead of the multiple case study design, to explore strategies that nonprofit organization leaders employ to grow organization revenue for financial sustainability when charitable contributions cannot fund business operations. I did so because participating in the Walden University consulting capstone limited my study to one client organization, not multiple organizations. So, the single case study design enabled me to explore my client organization and meet data saturation requirements.

I employed methodological triangulation and member checking to achieve data saturation in this study. Qualitative research aims to probe a phenomenon to the point where enough robust data completes the study (Memon et al., 2018). The researcher cannot reach this point until data saturation occurs, within which added data collection efforts cannot reveal added, valuable data (Fusch & Ness, 2015). Reaching data saturation implies that the researcher could repeat a study and completely replicate their findings without finding added information or themes in the added study (Fusch & Ness, 2015). Yin (2018) noted that researchers should include two or more data sources. Accordingly, I used at least two data sources in this study. Data collection included interviewing one organization leader on multiple occasions via telephonic conference and reviewing many public and private organization artifacts in my research with my client organization. Using public and confidential data as more sources ensured data saturation by triangulation. A study’s employment of multiple sources for data collection aid in understanding a phenomenon (McCusker & Gunaydin, 2015) and achieving the researcher's data saturation point (Joslin & Müller, 2016). I also employed member checking of collected data to ensure data saturation in my study. Member checking by the researcher shares summarized interpretations of collected data with participants to avoid researcher misinterpretations and aid data saturation attainment (Marshall & Rossman, 2016). Using methodological triangulation and member checking helped me achieve data saturation without any ability to distill new and different themes from my original collected data.

Population and Sampling

The population and sample for this qualitative, single case study was my client organization’s executive director in Wisconsin, who employed strategies to grow organization revenue for financial sustainability when charitable contributions cannot fund business operations. A research population is all individuals with the specific characteristics that a researcher seeks to study (Asiamah et al., 2017). A research sample is the members of a population selected to represent the entire population in a research study (Naderifar et al., 2017). Sampling is the research process of pulling research participants from a population with the intention of the sample representing the entire population (Naderifar et al., 2017). Sampling can be probabilistic or nonprobabilistic (Naderifar et al., 2017). Probabilistic sampling by researchers allows population members equal chances of becoming study participants without researcher or related influences (Naderifar et al., 2017). In juxtaposition, nonprobabilistic sampling by researchers does not allow population members equal chances of becoming research participants, and participation depends significantly on researcher selection and choice (Naderifar et al., 2017). I did not use probabilistic sampling since my client organization only had one executive leader. My selected participant and I agreed that I should not include any other employees in my study because they were not in executive leadership roles or making decisions about strategies to grow organization revenue for financial sustainability when charitable contributions cannot fund business operations. There are several nonprobabilistic sampling techniques, including, without limitation, purposeful, snowball, convenience, and quota (Stratton, 2021). I did not use convenience or quota sampling because I did not focus selections on participants convenient to me or overarching quota metrics, respectively. I used purposeful sampling as my sampling strategy.

The purposeful sampling technique proved proper for my study as its sampling strategy. Purposeful sampling is a dominant sampling technique in extant qualitative research (Duan et al., 2015; Gentles et al., 2015) and is valuable for extracting meaningful information from research study participants who have direct experience with and knowledge of a phenomenon (Benoot et al., 2016; Palinkas et al., 2015; Ram et al., 2020). Furthermore, purposeful sampling strategies are suitable for studies when participants know the research problem and research question (Marshall & Rossman, 2016). My participant specifically guided the crafting of my research problem and question in our early telephonic conversations and, therefore, knew my research problem and question.

I gained the required letter of consent for my study from the participant on December 22, 2020, within which I explained my study's interview procedures, voluntary nature, risks and benefits, privacy, and faculty contact. I interviewed the executive director as my only participant, aiming to navigate, triangulate, and validate my collected data about my client organization to the point of data saturation, which is the point when additional data collection efforts cannot reveal new and valuable data (Fusch & Ness, 2015; Saunders et al., 2015). The quantity of study participants is less critical for reaching data saturation than the quality and completeness of their provided data (Fusch & Ness, 2015; Roy et al., 2015). Therefore, data saturation implies that a researcher could repeat their study and replicate its findings without discovering added information or themes (Fusch & Ness, 2015) with only one participant when they can extract no more new and relevant information from my participant interviews. I scheduled my participant open, informal interviews well in advance as one-on-one telephonic conversations semistructured with my client organization participant supplying responses to my interview questions, which I recorded and transcribed verbatim. Periodically, upon transcription completion, I emailed all transcripts of interviews to my participant to ensure correct information consent and member checking, which is sharing collected data summarizations with participants to avoid researcher misinterpretations and promote data saturation (Marshall & Rossman, 2016). Emailing these transcripts supplied mechanisms for documenting my member-checking activities. In addition, my usage and collection of other public and confidential data related to my client organization in the course and scope of my qualitative, single case study ensured my data saturation with my participant and client organization.

Ethical Research

As a Walden University qualitative, single case study researcher, I took several steps to ensure my ethical behavior while exploring strategies my participant employed to grow organization revenue for financial sustainability when charitable contributions cannot fund business operations. Researchers must know and embrace the ethical requirements for interacting with research participants and other stakeholders (Marshall & Rossman, 2016; Yin, 2018). My first step in ensuring ethical research entailed familiarizing myself with the *Belmont Report* (NCPHSBBR, 1979) and its legal codification into the U.S. Code of Federal Regulations (CFR) as 45 CFR 46 with its Subpart A most relevant to the ethical conduction of human research (Office for Human Research Protections, 2021). The *Belmont Report* and 45 CFR 46 codified respect for persons, beneficence, and justice as the three ethical principles relevant to human subject research, which researchers achieve through the three additional requirements of informed consent, appropriate risk and benefit assessment, and proper selection of research subjects and outcomes (NCPHSBBR, 1979).

My second step for producing ethical research included obtaining Walden University IRB approval before conducting research. I did not collect data until Walden University’s IRB approved my study. I applied to Walden University’s IRB on September 27, 2020. I received Walden University IRB approval on October 16, 2020. My IRB number is 10-16-20-1023137. My Walden University IRB approval requires me to adhere to the guidelines for preapproved data collection procedures of Walden University’s consulting capstone pertaining and limited to interviews, public records and documents, and privately held records. Walden University’s IRB protects the university's ethical standards and regulatory requirements for research (Walden University, n.d.) and ensures that I conduct ethical human research. My third step for enabling ethical research included understanding how the three principles and three additional guiding requirements of the *Belmont Report* and 45 CFR 46 underpin my Walden University IRB research approval, related research guidelines, general research conduct, and DBA research agreement. Walden University and my nonprofit client organization leader entered into my DBA research agreement on January 13, 2020, which codified its term and termination, research, student responsibilities, and mutual responsibilities of parties.

My fourth step for ethical research compliance secured the required letter of informed consent from my participant on December 22, 2020, which explained my study's interview procedures, voluntary nature, risks and benefits, research subjects and outcomes, privacy, and faculty contact. I synchronized this letter with the *Belmont Report*, 45 CFR 46, and Walden University's IRB to improve ethical adherence. I did not interview my participant until I received a signed letter of informed consent from the participant on December 22, 2020, which, among other things, listed the role of voluntary participation and the ease of participation withdrawal from my research study. Informed consent is the bedrock of ethical research (Miller, 2016), underpinning the voluntary nature of research studies with a complete understanding of participation (Xu et al., 2020). Furthermore, the researcher's attainment of informed consent from their participants is necessary for ensuring the three requirements of ethical research: respect, beneficence, and justice (Faden & Beauchamp, 1986). I began collecting data for my study shortly thereafter.

I interviewed my participant several times, intending to navigate, triangulate, and validate collected data from my participant and client organization. The incentive for the participant's participation in my study was the benefits that come as a leader of my client organization from being part of my study. I masked and protected the names of my participant and client organization by never referring to either by name to keep the participants and organizations confidential. I stored data from these interviews and all associated documentation in an encrypted, password-protected electronic file. I will delete and wipe all data from the electronic drive 5 years after my study completion date to protect my participants and the study's confidentiality. Additionally, I scanned any paper-based documentation into this electronic storage file in real time and shredded any originals upon confirmation of electronic storage success.

Data Collection Instruments

Data collection instruments are the implements and methods researchers employ to uncover and compile information on a phenomenon (Saunders et al., 2015). Yin (2018) named the following data collection instruments: interviews, documents, archives, artifacts, direct observations, and participant observations. Significantly, data collection in qualitative research depends on the researcher as the primary data collection instrument. I was this study's primary data collection instrument and employed the following data collection instruments: interviews, documents, and archives.

I included numerous open, informal interviews and semistructured interviews to collect data on my chosen phenomenon from the lived experiences of the interviewee. The advantages of interviews are that the interviewer can set the tone and topics of interviews while allowing interviewees to respond openly and broadly to questions and allow the interviewer to respond to those answers, extending the exploration of the interviewee's answers and lived experiences (Busetto et al., 2020; Marshall & Rossman, 2016; Palinkas et al., 2015). The disadvantages of interviews are that they can introduce researcher biases in exploring the phenomenon, which can affect research credibility (Yin, 2018) by preventing the objective collection, analysis, or reporting of response data (Saunders et al., 2015). Qualitative researchers must structure and dominate the subject matters of conversational interviews with their interviewees to adeptly glean knowledge and interpretations of their chosen phenomenon by exploring, describing, explaining, documenting, and storing examples from the lived experiences of their interviewees (Fusch et al., 2017; Fusch & Ness, 2015; Marshall & Rossman, 2016; Pandey & Chawla, 2016; Yates & Leggett, 2016). The interviewer and interviewee must view such conversations as formal research instruments rather than informal chats (McGrath et al., 2018).

I scheduled such open, informal interviews in advance as one-on-one telephonic conversations, recorded and transcribed verbatim, and shared with the interviewee via email for member checking and accuracy. I conducted each interview with predetermined topics as opportunities for interviewer data collection and interviewee data sharing of topics related to this study and its research purpose and researcher's knowledge acquisition. I conducted each semistructured interview using the interview protocol presented in Appendix A to collect data for this study and its specific research purpose, which was to explore the strategies that nonprofit organization leaders employ to grow organization revenue for financial sustainability when charitable contributions cannot fund business operations. I also conducted semistructured interviews using the semistructured interview protocol presented in Appendix B on the 2019–2020 Baldrige Excellence Framework, which pertains to collecting data, perspectives, and management research to profile and explore my client organization's leadership, strategy, customers, workforce, operations, management, knowledge management, and results.

I used and collected other public and confidential archival and documentary data related to my client organization as secondary data collection instruments. Such secondary data included, without limitation, board minutes, financial reports and filings, internet and social media reports and findings, printed materials, company documents, and other archival data. I employed secondary data collection instruments to learn about the client organization and triangulate the primary data collected from the primary data collection instruments, which are two of the advantages of using such archival and documentary data collection instruments. Triangulation by the researcher leads to rich insights and discoveries about a phenomenon in case study research (Farquhar et al., 2020), which the researcher carries out by mixing primary and secondary data sources over time to enhance research and analysis (Aarikka-Stenroos et al., 2017; Erlandson et al., 1993; Fusch & Ness, 2015). The potential disadvantages of using public and confidential archival and documentary data are accuracy and timeliness. Furthermore, it is possible to exclude pertinent and potentially helpful information because the researcher does not know of such documents or the participants willfully exclude them from the researcher's knowledge.

I included two research techniques to supply reliability and validity in data collection and findings. The first technique for providing reliability and validity was the usage of member checking, which is sharing collected data summaries with interviewees to avoid researcher misinterpretations and ensure data saturation (Marshall & Rossman, 2016). The second technique for supplying reliability and validity was the usage of methodological triangulation, which is the intentional corroboration of data across multiple data collection instruments (Fusch et al., 2017). Yin (2018) observed that researchers should include at least two data sources, which I employed. Both methodological triangulation and member checking ensured the reliability and validity of this study's collected data.

Data Collection Technique

The researcher in qualitative research is the primary data collection instrument. I am this study's primary data collection instrument and employed the following data collection techniques: open, informal interviews; semistructured interviews; and document studies. I employed recorded and transcribed telephonic open, informal interviews and semistructured interviews. Interviews are goal-oriented, informal conversations (Hijmans & Kuyper, 2007) with targeted questions for gaining robust insights (Yin, 2018). Open, informal interviews are free-flowing conversations or autobiographical interviews, while semistructured interviews are more structured with specific, open-ended questions covering topics (Busetto et al., 2020). Using such interviewing techniques for data collection allows the interviewer to instantly gather significant amounts of knowledge and refine accuracy during an interview (Marshall & Rossman, 2016) from the lived experiences of the interviewees (Palinkas et al., 2015). Using semistructured interviewing techniques in data collection allows the interviewer to ask specific questions relevant to the research purpose (Busetto et al., 2020) without locking interviewees into binary answers or closed responses that cannot reach further clarity with additional prompting (Adeoye-Olatunde & Olenik, 2021; Castillo-Montoya, 2016; McIntosh & Morse, 2015; Sandy & Dumay, 2011). I used purposeful sampling as the sampling technique of this study, which is a dominant sampling technique in extant qualitative research (Duan et al., 2015; Gentles et al., 2015) and helpful in gleaning meaningful information from research study participants who possess direct experience and knowledge of a phenomenon (Benoot et al., 2016; Palinkas et al., 2015; Ram et al., 2020) and know the research problem and research question (Marshall & Rossman, 2016). The coupling of semistructured interviews and purposeful sampling techniques yielded robust and insightful data collection (Benoot et al., 2016; Duan et al., 2015). Additionally, the researcher and the participant performed member checking of open, informal interviews and semistructured interviews to ensure that the data collected from the interviews were correctly transcribed and saturated.

I also employed document studies as this study's secondary data collection technique. Document study techniques include the researcher's review of internal and external written materials. Such materials often include professional documents, personal documents, archives, guidelines, reports, policies, letters, and diaries (Busetto et al., 2020). Yin (2018) supported document studies as a bona fide and helpful data collection technique in qualitative studies so long as the researcher avoids the potential disadvantages of the data collection technique of selectivity and bias reporting. I arranged with my client contact to receive pertinent documents I could review for knowledge and methodological triangulation with primary data collection instruments. Such secondary data included, without limitation, board minutes, financial filings and reports, social media and internet reports and findings, printed materials, company documents, or other archived data. I used such secondary data to complement or supplement its primary data collected from open, informal interviews and semistructured interviews and further embellish its usage of the 2019–2020 Baldrige Excellence Framework to explore the client organization and research purpose.

Data Organization Techniques

A researcher's techniques for organizing the data collected from research affect the researcher's ability to analyze data responsibly and produce a reliable and valid research study. Therefore, organizing research data is essential in conducting research studies (Haynes et al., 2019; Yin, 2018). Although the frameworks of the respective research methodologies govern researcher standards and ethics, it is still within the purview of the researcher to select the specific data collection and organization techniques of research (Ranney et al., 2015). In this study, I collected data using open, informal interviews; semistructured interviews; secondary sources, including, without limitation, board minutes, financial filings and reports, social media and internet reports and findings, printed materials, company documents, or other archived data; and the 2019–2020 Baldrige Excellence Framework to fulfill my research purpose and explore the client organization and its performance. Once I collected the research data from these sources, I coded, parsed, segmented, triangulated, and organized the data into categories related to my research purpose, research question, and the 2019–2020 Baldrige Excellence Framework categories of my client organization’s profile, leadership, strategy, customers, workforce, operations, management, and knowledge management. My usage of these data organization techniques allowed me to progress to the next step of analyzing the collected data and codifying results, project summary, and contributions and recommendations requirements of the 2019–2020 Baldrige Excellence Framework categories and the additional requirements of Walden University for the application of research studies to professional practice, implications for social change, recommendations for action, recommendations for further research, and reflections requirements. The data organization techniques governed the data collected from my research efforts, culminating in exploring the strategies that nonprofit organization leaders employ to grow organization revenue for financial sustainability when charitable contributions cannot fund business operations.

I stored data collected and organized from my open, informal interviews, semistructured interviews, and secondary data in encrypted, password-protected electronic files. I removed and wiped all data from these electronic files 5 years after my study's completion date. I scanned any paper-based documentation into this electronic storage file in real time and destroyed any originals upon confirmation of electronic storage completion.

Data Analysis

In this study, I explored the strategies nonprofit organization leaders implement to grow their organizations' revenue for financial sustainability when charitable contributions cannot fund business operations. Such an exploration of nonprofit organization leader strategies required data analysis. Researchers perform data analysis to segment, filter, and strategically convert collected data into practical knowledge (Han & Ellis, 2019), which they can report as research study findings (Razavian et al., 2019). Various data analysis methods exist for analyzing research study data (Oswald, 2019). I gathered data using a single case study qualitative research design and the tools and techniques of data analysis most relevant to this study's research design and purpose.

I used methodological triangulation in this study to explore nonprofit organization leaders' strategies to grow their organizations' revenue for financial sustainability when charitable contributions cannot fund their business operations. Social science data triangulation can include data, investigator, theory, or methodological triangulation (Haydn, 2019). In case study research, researchers use methodological triangulation on their collected data. Proper triangulation should lead to robust insights into and discoveries about a case study's research phenomenon (Farquhar et al., 2020). For example, researcher usage of triangulation in case study research increases the validity of collected data by converging numerous and different information sources to find themes (Yin, 2018) and associated data analysis and fosters reliability, validity, credibility, legitimacy, and transferability of research findings from collected data (Moon, 2019). Researchers using methodological triangulation methods intentionally corroborate data across multiple data collection instruments (Fusch et al., 2017), leading to proper findings confirmations, exhaustive data, improved validity, and proper phenomenon comprehension and knowledge (Harrison et al., 2017). I did not use data, theory, or investigator triangulation methods. Researchers using data triangulation methodologies employ numerous data sources to gather authentic information about a phenomenon (Jentoft & Olsen, 2019). I did not use data triangulation because the nature of my client organization limited my ability to use a plentitude of data sources. Theory triangulation entails the researcher testing existing theoretical concepts with data for phenomenon expounding (Noble & Heale, 2019; Solé, 2019). I did not use data to evaluate extant theories or concepts. Investigator triangulation requires more than one researcher to analyze data (Moon, 2019). I am the only researcher in this study and did not use multiple researchers for data analysis.

Qualitative data requires robust analytics. Yin (2018) codified the 5 phases of data analytics: collecting data, grouping data, thematic data regrouping, analyzing data, and concluding qualitative data analytics. In this study, I employed BPT as the conceptual framework for analyzing and understanding nonprofit organization client data, financial decision-making, and leadership strategies to grow organization revenue for financial sustainability when charitable contributions cannot fund business operations. BPT governed the codification of this study's research question and associated interview questions and was the conceptual lens for analyzing and understanding this study's collected data and its nonprofit organization leader strategies and client organization. In this study, I employed the 2019–2020 Baldrige Excellence Framework (Baldrige Performance Excellence Program, 2019) categories and the recommendations and requirements of Walden University's DBA consulting capstone program for further analyzing and understanding nonprofit organization client data, financial decision-making, and leadership strategies to grow organization revenue for financial sustainability when charitable contributions cannot fund business operations.

I analyzed the collected data from my regularly scheduled, open, informal interviews, semistructured interviews, and organizational documents I collected over time. Applicable computer software applications exist for qualitative researchers to administer and refine their research efforts (Chang et al., 2019). I entered these data into Microsoft Word and Microsoft Excel software applications to assist my manual data analysis. Such software applications allow for data collection organization and thematic researcher coding (Saunders et al., 2015; Yin, 2018). I looked for themes from my keyed, collected data using my conceptual framework of BPT in the context of the 2019–2020 Baldrige Excellence Framework (Baldrige Performance Excellence Program, 2019) categories and Walden University's DBA consulting capstone recommendations and requirements program.

Thematic analysis entails the identification of themes and patterns in qualitative data using deep thinking and critical analytical frameworks (Maguire & Delahunt, 2017). I deployed Braun and Clark's 6-step data analysis approach (2006) in my data analysis and thematic search. The first step requires the qualitative researcher to familiarize themselves with the collected data (Braun & Clark, 2006). The second step requires the researcher to generate a first set of codes (Braun & Clark, 2006). The third step instructs the qualitative researcher to search for themes (Braun & Clark, 2006). The fourth step is for the researcher to review the uncovered themes (Braun & Clark, 2006). The fifth step is to define the uncovered themes (Braun & Clark, 2006). The sixth step is to write up the researcher's themes (Braun & Clark, 2006). Yin (2018) also supplied more data analysis strategies for qualitative researchers: pattern recognition and matching, constructing explanations, analyzing time series, logic modeling, and cross-case synthesizing. In culmination, my research data analysis aimed to analyze data, find themes, and saturate data in line with BPT, my study's conceptual framework, my review of the professional and academic literature, the 2019–2020 Baldrige Excellence Framework (Baldrige Performance Excellence Program, 2019) categories and the recommendations and requirements of Walden University's DBA consulting capstone program. Each of these was an analytical approach for this study. I employed Microsoft Excel and Microsoft Word to find and record important themes and sub-categories. Then, I matched it to extant literature from the review and the 2019–2020 Baldrige Excellence Framework. These steps ensured that my data analysis and findings aligned with my research purpose and the question of identifying the strategies of nonprofit organization leaders to grow organization revenue for financial sustainability when charitable contributions cannot fund business operations that align with BPT.

Reliability and Validity

Qualitative researchers should construct reliable and valid research findings from their research efforts. Such activities require qualitative researchers to recognize, extract, and present patterns about a phenomenon from spoken and written words without sacrificing the phenomenon's rich characteristics (Leung, 2015). To do such, qualitative researchers must achieve reliability and validity. Qualitative research reliability demands consistency in all research processes and results (Leung, 2015; Rose & Johnson, 2020). Qualitative research validity commands the proper usage of research tools, processes, and collected data to answer a research question (Leung, 2015) from the perspectives of the researchers and their study's participants and end-users (Rose & Johnson, 2020). Reliability and validity ensure the efficacy of data collection instruments and result in high-quality research (Saunders et al., 2015). However, the constructs of reliability and validity derive from quantitative research paradigms and, accordingly, can become suspect in qualitative research activities (Rose & Johnson, 2020). For example, unlike quantitative researchers, qualitative researchers do not use quantitative metrics to produce their research findings and, therefore, the presence of quantitative metrics cannot secure the reliability and validity of qualitative research studies (Onwuegbuzie & Leech, 2007; Saunders et al., 2015; Yin, 2018). Instead, qualitative researchers must ensure the reliability and validity of their research studies and findings by using techniques that instill trustworthiness in their findings.

Trustworthiness is an essential concept in qualitative research. It results from rigorous research design, findings believability, researcher credibility, and research method applicability (Johnson & Parry, 2015; Lincoln & Guba, 1985). Trustworthiness is requisite for qualitative research to remain academic (Rose & Johnson, 2020) and overcome any lingering concerns about the trustworthiness of qualitative research from the quantitative research community (Marshall & Rossman, 2016). Qualitative researchers can ensure the reliability and validity of their research findings by increasing the trustworthiness of their work via the elements of dependability, credibility, transferability, and confirmability (Abdalla et al., 2018; Lincoln & Guba, 1985; Park & Park, 2016), which are alternate constructs for qualitative researchers to protect the reliability and validity of their research findings (Elo et al., 2014; Thomas & Magilvy, 2011). I present these qualitative constructs as the foundations for producing reliability and validity of qualitative research generally and this study specifically.

Reliability

Reliability is a critical concept in qualitative research. The reliability of qualitative research hinges on adopting the proper methods accepted by the qualitative research community to collect data, analyze it, and report meaningful and rich depictions of a phenomenon (Collingridge & Gantt, 2019). Researchers create research reliability results from the proper documentation and representation of the phenomenon under study (McIntosh & Morse, 2015; Yin, 2018). Qualitative research aims to probe a phenomenon to the point that the study is complete with robust data (Memon et al., 2018), data saturation occurs, and added data collection efforts cannot reveal any more helpful or new information (Fusch & Ness, 2015). Qualitative research reliability requires consistent research methods to endow other researchers with opportunities for consistent and correct duplication (Saunders et al., 2015; Yin, 2018). The reliability of qualitative research is a function of the replicability of the qualitative researchers' processes and findings (Leung, 2015) and the consistency of the researchers' analytical procedures, which offsets any influencing biases on research findings (Noble & Smith, 2015). Maintaining qualitative research internal reliability removes the risk of researcher and participant biases and errors in the research process (Ali & Yusof, 2011). Reliability is confirmable with reproducibility and internal consistency (Tang, 2015). Maintaining external reliability entails protecting rigorous research processes and data collection and analysis protocols to supply qualitative research integrity (Ali & Yusof, 2011; Saunders et al., 2015; Yin, 2018). Case study reliability by the researcher affects the consistency and replication of the research processes and procedures (Yin, 2018). However, achieving consistent results in qualitative research differs from the demands of quantitative research to reproduce the exact results (Collingridge & Gantt, 2019). Reliability in qualitative research is less exacting than in quantitative research, depending on the dependability of the research study and its findings and conclusions.

The dependability of qualitative research is an essential benchmark for qualitative research reliability. Qualitative researchers use dependability instead of reliability because qualitative research is subject to interpretation and is not quantifiably measurable (Day, 2021). Dependability refers to the steadiness of aggregate qualitative data collection and analyses (Noble & Smith, 2015). Furthermore, dependability is a critical proxy for reliability in qualitative research studies (Bailey & Bailey, 2017; Hancock et al., 2016). Dependability means that qualitative researchers' data analyses and findings are consistent and repeatable (Rose & Johnson, 2020) across comparable conditions and similar participants (Cope, 2014). Qualitative researchers can improve dependability using interview protocols and member checking in their research studies (Coulter et al., 2018). Yin (2018) also confirmed the role of member checking for securing qualitative research dependability. Qualitative researchers can also enhance reliability by directly comparing transcripts to collected data coding and gleaned themes (Belotto, 2018). Triangulation of collected data is another way to improve qualitative research reliability (Moon, 2019). The onus of dependability aided my study's reliability.

In this study, I achieved the dependability requisite for qualitative research reliability by collecting verifiable, triangulated, member-checked data from open, informal interviews, semistructured interviews, and secondary source documents of public and private natures. I professionally transcribed all collected interview data to secure the dependability of my data and employed member checking to confirm the accuracy of collected data for reliability. I used member checking and methodological triangulation to reach data saturation and achieve the trustworthiness of research findings and high-quality research. The researcher uses member checking to share the summaries of their collected data with participants to avoid researcher misinterpretations and complete data saturation necessities (Marshall & Rossman, 2016). I used public and confidential data as added data sources to ensure data saturation by triangulation. Methodological triangulation and member checking helped me achieve data saturation and could not theoretically distill any different themes from my original collected data and ensure the highest quality, trustworthy research. Lastly, I remained consistent with Walden University's IRB guidelines to protect participants and similar recommendations of the 2019–2020 Baldrige Excellence Framework anchored by the purpose of my research and research question. I ensured reliability in this research study by following the steps highlighted above.

Validity

Validity is also an essential element of qualitative research. The validity of qualitative research is a function of the precision that research data matches research findings (Noble & Smith, 2015). Such precision is a function of the effectiveness of the researcher's data collection instruments in collecting valuable, high-quality data (Mohajan, 2017). Validity in qualitative research studies equates to the researcher conducting a consistent and trustworthy exploration of a phenomenon (Singh, 2014).

Validity means that qualitative researchers can measure what they aim to measure (Collingridge & Gantt, 2019) and create truth from the research study (Nuijten, 2019). Validity has two components: internal and external validity. Internal validity is the representativeness of the study's analyses of the phenomenon's reality (Rose & Johnson, 2020). External validity is the study's generalizability and comparability to different but similar populations and contexts (Noble & Smith, 2015; Onwuegbuzie & Leech, 2007; Rose & Johnson, 2020; Steckler & McLeroy, 2008). However, in juxtaposition to quantitative research and its positivist underpinnings and measurable data, qualitative researchers, because of interpretivist foundations and immeasurable data, must include the inclusion of credibility, transferability, and confirmability as proxies for research validity (Day, 2021). For example, qualitative research replaces credibility for internal validity, transferability for external validity, and confirmability for objectivity, showing the qualitative researcher's aggregate authenticity and study's trustworthiness (Day, 2021). The constituents of credibility, transferability, and confirmability are the elements for ensuring qualitative study validity (Cope, 2014). However, researchers must also include a test for data saturation with these three elements to reach the standards of validity in qualitative research (Houghton et al., 2013). Validity is essential in proper qualitative research, and researchers keep up with the qualitative proxies of credibility, transferability, confirmability, and data saturation.

Qualitative research credibility, transferability, confirmability, and data saturation are essential considerations for qualitative researchers and guides for qualitative research. Credibility refers to the believability of qualitative research analytics (Rose & Johnson, 2020). Researchers require credibility of qualitative research by reliably underpinning a qualitative research study with quality researcher conclusions (Noble & Smith, 2015). Credibility means believable qualitative research study analyses (Rose & Johnson, 2020). Qualitative researchers can reach credibility by using methodological triangulation and employing multiple data sources (Heale & Forbes, 2013) to ensure the visibility of the participants' understanding of the phenomenon (Cope, 2014). Qualitative research credibility arises from the trustworthiness of proving study results with multiple data sources (Saunders et al., 2015). Credibility results from rigor, which is the integrity of study conduction related to qualitative research (Noble & Smith, 2015). Credibility is achievable with methodological strategies for ensuring the trustworthiness of research findings (Noble & Smith, 2015).

The transferability of qualitative research is another proxy of reliability in qualitative research. Transferability is how research findings can extend to other settings and groups (Lincoln & Guba, 1985; Rose & Johnson, 2020). Qualitative researchers must supply extended studies' accounts to endow transferability (Soares et al., 2015). For example, qualitative researchers should supply precise and substantial research details, such as their research designs, methods, and analyses, to enable other researchers to decide the transferability of the study's findings to their research (Marshall & Rossman, 2016; Moon et al., 2016). The confirmability of qualitative research is another proxy for reliability in qualitative research. Confirmability means that research analytics support the qualitative research data (Lincoln & Guba, 1985; Patton, 2014; Rose & Johnson, 2020). Confirmability requires qualitative researchers to prove that their biases did not affect or influence their research participants (Cope, 2014). Member checking aids in reaching credibility, validity, and transferability of the responses of qualitative research study participants (Leonidou et al., 2015). Achieving data saturation in qualitative research is another proxy for ensuring reliability in qualitative research. Data saturation implies that the researcher could repeat a study without finding different other information or themes (Fusch & Ness, 2015). Saturation occurs when the researcher cannot uncover new data, the study is replicable, and no other coding can occur (Fusch & Ness, 2015).

I ensured the reliability of qualitative research in this study by ensuring its credibility, transferability, confirmability, and data saturation. I fostered reliability in my study by using methodological triangulation methods and member checking. Methodological triangulation requires researchers to use multiple data collection instruments (Fusch et al., 2017) to answer a research question. I fostered data saturation by triangulation by gathering data from numerous interview times and multiple data sources, member checking those findings, and using public and confidential data as added data sources. My methodological triangulation and member checking helped me achieve data saturation and could not theoretically distill any different themes from my original collected data and ensure the highest quality, trustworthy research. I created the transferability of my qualitative research and findings by showing granular details of my research process and using codified interview protocols (Appendices A and B), triangulation, data saturation, member checking, and doctoral committee oversight and feedback. I endowed my study with confirmability by using data saturation and member checking as I collected data until I could not glean any added information or relevant documentation. I achieved data saturation when the participant could not supply any new or relevant interview data. I instilled validity by collecting verifiable, triangulated, member-checked data from open, informal interviews, semistructured interviews, and secondary source documents of public and private natures. Furthermore, I employed member checking and triangulation for data saturation and the achievement of the trustworthiness of research findings. Lastly, I followed Walden University's IRB guidelines to protect participants and related considerations of the 2019–2020 Baldrige Excellence Framework. I ensured the reliability of my research study by following such steps and laying the proper groundwork for qualitative research credibility.

Transition and Summary

In Section 2, I reintroduced and expanded my stated research purpose statement from Section 1 and introduced and completed the role of the researcher. Next, I presented the participants, research method and design, population and sampling, and ethical research elements. Then, I codified the sections on data collection instruments, data collection techniques, data organization techniques, data analysis, and reliability and validity. I next concluded with a transition and summary section. My primary data collection technique included semistructured, telephonic interviews. I anchored these with my research question on what strategies my nonprofit leader used to grow organization revenue for financial sustainability when charitable contributions cannot fund business operations. I recurred these interviews with my participant until I reached data saturation. My secondary data collection technique included collecting public and confidential data, both online and directly from my client contact on behalf of my client organization.

In Section 3, I describe my usage of the 2019–2020 Baldrige Excellence Framework, the primary data collected from my participant’s semistructured interviews, and the secondary data collected from public and private sources on my client organization to construct my qualitative, single case study. I included from the 2019–2020 Baldrige Excellence Framework (Baldrige Performance Excellence Program, 2019) the following criteria for categorizing performance excellence that yields performance results: leadership; operations; workforce; customers; measurement, analysis, and knowledge management; and strategy. I use these performance excellence criteria to explore and analyze my client organization's strengths and other improvement opportunities. Specifically, in Section 3, I report an organization profile. I include a key factors worksheet with an organizational description and situation in the organizational profile. Next, I report a leadership triad encompassing leadership, strategy, and customer sections. Then, I continue with a results triad, including workforce, operations, and measurement, analysis, and knowledge management sections. Also, I present a collection, analysis, and preparation of results. In this section, I include thematic findings, product and process results, customer results, workforce results, leadership and governance results, and financial, market, and organizational strategy results. Next, I continue with key themes before presenting a project summary and sections on contributions and recommendations, application to professional practice, and implications for social change. Lastly, I finish with recommendations for action, recommendations for further research, reflections, and conclusions.

Section 3: Organizational Profile

The purpose of this qualitative single case study was to explore the strategies that nonprofit organization leaders employ to grow organization revenue for financial sustainability when charitable contributions cannot fund business operations. There are two key thematic findings from this study. The first thematic finding is that nonprofit organization leaders execute strategies to grow and diversify organizational revenue for financial sustainability by (a) creating new income sources in their revenue mix or (b) ramping income sources currently existing in their revenue mix. The second thematic finding is that nonprofit organization leaders execute strategies to grow and diversify organizational revenue for financial sustainability by converting income source customer bases into cross-selling opportunities for other income sources. I exposed these two thematic findings while exploring my nonprofit client organization in Wisconsin that pursued strategies aligned with these three themes. I analyze these themes further subsequently.

Key Factors Worksheet

Organizational Description

Client Organization (CO) is the pseudonym I selected to protect my consulting client organization's identity. CO is a small nonprofit organization founded and incorporated as a human services nonprofit in Wisconsin. CO began in October 2003 when a diverse group of bicycle enthusiasts created a community bicycling workshop to share knowledge, parts, tools, and related expenses. With a common bond and desire to create an affordable bike shop, CO founders and leaders spent several years traveling to and gaining inspiration from nonprofit organizations and community centers. CO's leaders incorporated the organization in Wisconsin and applied for and received 501(c)(3) nonprofit organization status from the IRS. Its founders incorporated the original entity in 2011. However, CO leaders amended the original entity and name in 2017 and received new 501(c)(3) status from the IRS. The fundamental purpose of CO is to support transportation justice by offering used bicycles and new and used bicycle parts for sale, mechanical classes, tune-up services, shop space, cycling center memberships, and donated used bicycles to all humanity, regardless of race, gender, sexuality, ethnicity, social class, language, housing status, or ability to pay. CO's leaders have continued to evolve the organization to meet the changing needs of its community, including recently relocating operations to a larger, more extensive workshop and membership-based cycling center. CO's leaders are its board of directors and executive director, who manage staff and volunteers to serve the organization's bicycling-concentric mission, vision, and business operations, delivering transportation justice via bicycling services to its community. Through capable and effective management, the executive director and the board of directors continue successfully delivering affordable and inclusive bicycling services to its community today and into the future. The organization's leaders depend on income from private charitable contributions via individuals and corporations, including donations of money, resources, and volunteer time; government grants; and earned income (program services) from cycling center membership fees, used bicycle sales, new and used part sales, tune-up services, and mechanical classes. CO's leaders do not depend on income from unrelated business activities or investments. The organization's leaders strive to grow revenue for financial sustainability because charitable contributions alone cannot fund their business operations as they once could.

Growing nonprofit organization revenue for financial sustainability can be challenging for CO's leadership because of competition for funding with other nonprofit organizations. For example, the IRS reported the existence of 1,718,233 registered non-profit organizations in 2019 (Internal Revenue Service, 2020). Similar data from the IRS in 2018 showed the presence of 26,490 registered nonprofit organizations in Wisconsin, of which 23,877 were public charities and 2,964 were specifically human services charities (Lord et al., 2019). CO competes directly with these nonprofit organizations, particularly those working in the human services space in Wisconsin. For example, those 2,964 human services nonprofit organizations earned approximately $4.50 billion in annual revenue in 2018, averaging $1,518,218.62 per organization, of which 35% came from private charitable contributions and government grants, 59% came from earned income (program services), 1% came from investment income, and 5% came from other income sources (Lord et al., 2019). In contrast, CO reported earning approximately $3,445 in annual revenue in 2018, of which 83% came from private charitable contributions and government grants and 17% from earned income (program services). Although revenue growth has improved significantly for CO since 2018, which I discuss in more detail in later sections of this study, its leaders have traditionally faced challenges in growing their organization's revenue for financial sustainability in the face of the competition for funding from other nonprofit organizations. For instance, CO's leadership believes that its small size, structure, and budget limit its capacity and organizational resilience in the face of such competition, underscoring the importance for them to grow organization revenue for financial sustainability as CO's leadership faces competitive challenges today and into the future.

CO's leadership responds to the competitive pressures of growing organization revenues for financial sustainability with the activities of its board of directors, executive director, operational staff, and core volunteers. CO has six members on its board of directors, including the executive director, one executive director, two operations staff, and three core volunteers monthly. The board of directors meets monthly and on ad hoc bases, as required, to make strategic and corporate decisions and guide and advise the executive director in CO's management. The executive director oversees the organization's strategic and tactical implementations and business operations, directing operational staff, volunteers, and external service providers in executing business necessities. The core volunteers supply labor and skills to supplement or expand the organization's capacity. CO leaders can respond to the competitive pressures for funding and fulfilling their organization's missions through the competent and effective practice of their positions, staff, and core volunteers.

Organizational Environment

I assess and summarize CO's organizational environment. I do so by reviewing its product offerings, mission, vision, and values; workforce profile, assets, and regulatory requirements.

Product Offerings. CO's leaders offer six programs: used bicycle sales, new and used part sales, tune-up services, mechanical classes, cycling center membership sales, and used bicycle donations. See Table 2 for a breakdown of CO's program and associated services. In 2021, CO's leadership depended heavily on used bicycle sales and tune-up services, which were equally crucial for CO's annual product sales revenues. However, cycling center membership sales were a new and promising source of income for the organization, growing significantly after initial delays caused by the global pandemic created by COVID-19. Additionally, CO's municipal property owner and strategic partner placed specific quantitative targets for cycling center membership sales as a requirement of CO's favorable lease terms. CO's product offerings form the program and associated services its leadership offers to its community, which also requires an efficient and effective delivery mechanism to community members.

Table 2

Program and Associated Services

Programs	Associated Services
Used bicycle sales	Donated used bicycles sold in the shop
New and used parts sales	Donated used bicycle parts sold in the shop
	Purchased new bicycle parts sold in the shop
Tune-up services	Basic tune-up
	Advanced tune-up
	Overhaul
	General services (hourly)
	Part installation services (part and bike-specific fees)
Mechanical class	Build-a-bike (by appointment)
	Open shop
	Wednesday classes
	Women-Trans-Femme
	Instruction by appointment
Center membership	Yearly membership
	Monthly membership
	Day pass
Used bicycle donations	Used bicycles donated to individuals or organizations

CO's leaders and staff use several mechanisms for delivering their product offerings. All used bicycle sales occur on the shop floor, with staff delivering the bicycle in person to the purchaser. All new and used parts sales occur on the shop floor, with staff delivering the part in person to the purchaser. CO's staff supplies tune-up services directly to the consumer in the organization's cycling shop. CO's staff typically delivers mechanical classes in the shop unless there is an event or other ad hoc request for training outside the shop. CO's team sells cycling center memberships in the shop or online via a web page, with the delivery of any physical goods in person at the cycling center. Lastly, CO offers and delivers used bicycle donations to community members and other donees via in-person delivery or other arrangements. Through such mechanisms, CO leadership and staff provide their product offerings in service to their mission, vision, and values.

Mission, Vision, and Values. CO has the following mission, vision, values, and core competencies. The mission of CO is to get people in its community involved and engaged in bicycling by removing the economic barriers to bicycling in its city. The vision of CO is to engage all people in its community in bicycling and help them take control of their transportation. The values of CO are multiple. The most critical value of CO's leaders and the organization is that everyone in its community can access its service offerings. For example, the organization's leaders never want to turn anyone away from core service offerings. Additionally, CO leadership believes that access to transportation is a fundamental human right, equal access to transportation prompts economic and social justice, wide usage of bicycling protects an already fragile climate, and people should reuse objects. CO leadership has also begun to emphasize honesty, clarity of communication, and legal and ethical compliance. Concerning the organization's core competencies, CO's leadership has recently struggled with better understanding and redefining its core competencies as it rebrands itself after hiring a new executive director. However, several clear core competencies stand out even as the organization evolves to its new form and function. For example, one of CO's core competencies is that it is the only nonprofit in its market with staff focused on mechanical education. Although some competitors focus on bicycling charity, donations, and advocacy, none do broad-based mechanical training similar to CO. Another example of CO's core competencies is its membership-based cycling center. The organization calls its home and headquarters a downtown cycling center, easily accessible to downtown workers and cycling commuters. With CO's mission, vision, values, and core competencies anchoring its business operations, it is straightforward for the organization to engage its workforce in pursuit of its valuable aims.

Workforce Profile. CO leadership segments its workforce into two categories of employees and volunteers. See Table 3 for a profile of the organization's workforce. CO's leadership employs three employees: the executive director, an instructor-mechanic, and an instructor-mechanic and volunteer coordinator. The executive director, also a member of the board of directors, handles the day-to-day management of the nonprofit organization. The instructor-mechanic performs tune-up services and teaches or takes part in mechanical classes. The instructor-mechanic and volunteer coordinator performs tune-up services, participates in or teaches mechanical courses, and coordinates volunteers' activities in CO's business operations. The executive director and instructor-mechanic and volunteer coordinator also deploy three core volunteers. These volunteers participate in various supplementary services across the organization’s business operations and service to its mission, tune-up services, mechanical work, and mechanical class instruction. Other volunteers, who are not concerned with being core volunteers, work with the organization, occasionally performing similar tasks and other tasks related to cleaning and sorting; however, they do not supply consistent service representation at the organization. Of those non-core volunteers, the student volunteers tend to be engaged in more intensive, broad-based experiential learning, including mechanical work. Given its size and resources, CO’s leadership does not have a quantitative metric for tracking its volunteer labor hours. Each of these workforce segments of the CO workforce contributes to its day-to-day business operations and service to its mission.

Table 3

Workforce Profile

Profile Criteria	Employees	Core Volunteers
Education		
High school diploma	1	1
Associates degree or technical certification		
Bachelor’s degree	2	
Master’s degree or higher		2
Other		
Ethnicity		
African American		
Asian		
Hispanic		
Native American		
White	2	3
Other	1	
Gender		
Transgender	1 (FtM)	1 (MtF)
Female		
Male	2	2
Tenure		
<1 year	1	
1-5 years	2	2
6-9 years		
10+ years		1

Assets. CO possesses assets for its business operations. At the end of 2021, CO leadership had $45,776.55 in current assets and $17,326.00 in fixed assets for combined total assets of $63,102.55. CO’s leadership affirmed that, at the end of 2021, it also had an undisclosed amount of unrecorded or already expensed bicycle tools; shop supplies; other furniture, fixtures, and equipment; approximately 200 donated used bicycles in its showroom inventory; and significant quantities of new and donated used parts for sale in its shop, including several vintage varieties. Most importantly, CO located its headquarters in a 5,100-square-foot cycling center in its community's downtown district. CO's local municipality provided the organization with favorable leasing terms for setting up and running a downtown bicycling center with bicycle storage, lockers, dressing facilities, showers, and an electronic bicycle charging station for members and other users. CO also moved its shop, retail space, and administrative and executive offices to its downtown location upon lease commencement. The organization's move to the new cycling center was a critical strategy to grow its revenue for financial sustainability. Lastly, the company keeps software licenses and other intellectual-related property, including two web pages, one for its cycling center and the other for its other program services. These assets were recently available to CO's leadership for business operations.

Regulatory Requirements. CO has regulatory requirements with which it must comply. CO is a nonprofit organization founded and incorporated in the state of Wisconsin. As such, CO's leaders must file annual reports with the state of Wisconsin to follow state corporate regulations. CO is also an IRS-approved 501(c)(3) organization with an annual 990 filing requirement with the IRS to keep its federal nonprofit status. Due to these state and federal corporate characteristics, CO leaders must follow all federal and state laws required to run a nonprofit corporation and 501(c)(3) organization, including all applicable IRS tax codes, regulations, and rules. CO leaders are also subject to local municipal authorities and associated laws and regulations. The various compliance and filing requirements force the organization's leaders to keep correct and prompt records of the organization's activities, including revenue, expenses, and other expenditures. The organization has not historically been subject to financial auditing because of its size; however, recently, its leaders have been instituting annual audit requirements and processes accordingly. Additionally, CO leadership and its workforce must adhere to all applicable labor laws, policies, and procedures of its jurisdictions. CO's leadership and staff must follow these many regulatory requirements.

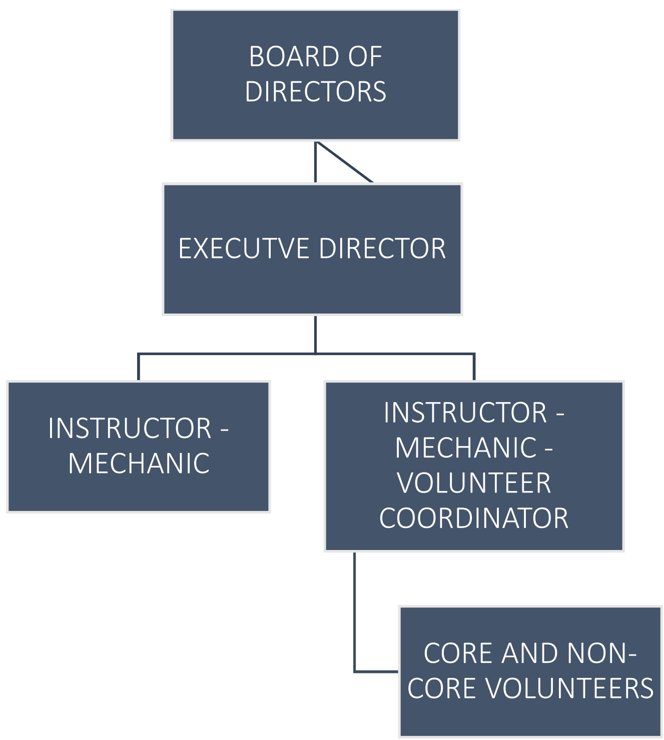
Organizational Relationships

I assess and summarize the organizational relationships of CO with a review of its organizational and governance structure. I continue with a review of its customers and stakeholders, and suppliers, partners, and collaborators.

Organizational Structure. The organizational and governance structure of CO is typical of a small nonprofit human services organization, as depicted in Figure 1. A board of directors oversees the organization's strategic management. CO's board is composed of six members, including the executive director. There are three officers without differentiating power on the board: the president, the treasurer, and the secretary. The board of directors meets monthly and as needed to make strategic decisions and advises the executive director in CO's management. The board of directors does not have any committees for organization or governance. The executive director oversees the organization's day-to-day management, including executing strategic and tactical operations and directing two operations staff, three core volunteers, various other volunteers, and external service providers. However, the executive director recently hired one of the two operations staff to lead the responsibilities of volunteer coordination. The core volunteers supply labor and skills to supplement or expand the organization's capacity, while the non-core volunteers aid where needed on ad hoc bases. CO leaders can respond to the competitive pressures for funding and fulfilling their organization's missions through the competent and effective practice of their positions, staff, and core volunteers through these corporate and organizational structures.

Figure 1

Organizational Structure



Customers and Stakeholders. CO leadership has customers and stakeholders who receive or contribute to its program services. I present Table 4 to highlight these critical stakeholders' requirements and expectations. The primary customers of CO are those presently involved with or interested in bicycling and living or working within the organization’s community. The secondary customers of CO are those currently involved with or interested in bicycling and living outside the organization's community. Both sets of customers expect prompt access to services, affordability of services, transparency of services, and service offering flexibility. CO leadership does not discriminate in delivering its program services, sharing all that it has with all humanity, regardless of race, gender, sexuality, ethnicity, social class, language, housing status, or ability to pay. CO's leadership allows both high and low-income level customers without discrimination. However, CO leadership does encourage donations from those with less need to access its services. Additionally, CO has other stakeholders in addition to its customers. These stakeholders include its partners, suppliers, workforce, board of directors, and community. I will discuss CO's partners and suppliers in the next paragraph. CO's workforce includes the individuals employed by the organization's leaders and the core volunteers who contributed their services to the organization. CO's board of directors consists of all members of its board of directors. CO's community includes all areas within which the organization's leaders offer program services or have direct or indirect impacts, primarily within its primary geographic area. These are examples, without limitation, of the customers and stakeholders who contribute to or receive benefits from the organization.

Table 4

Critical Stakeholder Requirements and Expectations

	Stakeholder				
Requirements and expectations	Partners	Suppliers	Workforce	Board	Community
Availability of services	●			●	●
Affordability of services				●	●
Transparency of services	●	●	●	●	●
Flexibility of services			●	●	●
Employee wage and benefit fairness			●	●	
Legal, ethical, contractual governance	●	●	●	●	●
Board leadership and governance	●	●	●	●	

Suppliers and Partners. CO leadership collaborates with suppliers and partners to deliver program services and satisfy critical stakeholders' requirements and expectations. I highlight those key suppliers and partners subsequently in Table 5. CO's suppliers include organizations and individuals who supply it with used bicycles and new and used bicycle parts and accessories. The organization's leaders also obtain supplies from other goods and services suppliers for operating the business. CO's partners include organizations and individuals with whom it collaborates or receives charitable monetary, in-kind, or time donations. These partners include local government entities, for-profit companies, individuals, and nonprofit organizations, notably those with bicycling commonalities and related community interests. CO leadership believes that collaborating with its suppliers and partners provides the organization with competitive enhancement. For example, the organization receives a significant subsidy for the cost of its goods due to the considerable number of donated bicycles and associated parts and services. CO leadership also thinks that working with its suppliers and partners enables the organization to maintain and implement innovative strategies and tactics. For instance, its leaders think that its agile business model and response to COVID-19 prove this in its service to its mission. CO leadership thinks it allows for some tailor-made and impromptu responses at times that might otherwise be impossible. CO leadership acknowledges that it is dealing with numerous supply change issues related to COVID-19 and global macroeconomic realities and thinks that it must make do with many supplies that are not the best. The leaders think that having key partners and suppliers helps to alleviate some of this pressure. CO's leaders work well with many suppliers and partners to deliver its program services and satisfy critical stakeholders' requirements and expectations.

Table 5

Key Suppliers and Partners

Category	Role
Suppliers	
Bicycle part distributors	Supply new bicycle parts
Individual donors	Supply used bicycle and bicycle parts and accessories
Service suppliers	Supply services to the organization for operations
Goods suppliers	Supply goods to the organization for operations
Partners	
City municipality	Supply favorable lease terms for dedicated services
Bicycling nonprofits	Share resources and pool program services offerings
Community groups	Share resources and pool program services offerings
For-profit corporations	Supply donations of money, goods, and services
Nonprofit organizations	Share resources and pool program services offerings
Individuals	Supply donations of money, goods, and services

Organizational Situation

Review of the organizational situation of CO includes an assessment of the nonprofit organization's competitive environment, strategic context, and performance improvement system. I discuss these subsequently.

Competitive Environment

My review of the competitive environment of CO includes a description of the nonprofit organization, significant competitive changes, and comparative data employed by organizational leaders to make organizational changes. I complete this review to understand the organization better.

Competitive Position. CO is a Wisconsin-registered nonprofit human services organization with approved IRS 501(c)(3) status. As a nonprofit organization, CO's leaders must compete against both nonprofit and for-profit organizations for customers and resources. As noted earlier, CO leaders were one of 1,718,233 registered non-profit organizations in 2019 (Internal Revenue Service, 2020), competing broadly but directly in the USA for funding and other charitable resources, and one of 26,490 registered nonprofit organizations in Wisconsin in 2018 (Lord et al., 2019). From the group, 23,877 were public charities, 2,964 were human services charities specifically, and 1,075 were in the same county (Lord et al., 2019). CO competes directly with these nonprofit organizations, particularly those in human services, bicycling charity work, and their local county. Additionally, CO leaders command an organization much smaller than most nonprofit competitors. For example, the average revenue of Wisconsin human services charities was $1,518,218.62 per organization in 2018 (Lord et al., 2019); whereas, the revenues secured by CO's leaders in 2018 was $3,445.

CO's leadership must also compete directly with for-profit bicycle shops and service providers for customers and resources. For example, CO leaders sell used bicycles and new and used bicycle parts and accessories in direct competition with its for-profit competitors. More than 30 bicycling-related sales and service business owners compete against CO's leadership for customers and resources in its immediate location. CO's leaders think their organization has a competitive advantage over many of these for-profit shops because donated bicycles and bicycle parts subsidize the costs of goods sold versus their for-profit competitors. However, this same advantage can also be a disadvantage because CO's leadership often struggles to keep up with the demand for the organization's products and services since the organization's leaders cannot plan for or control the supply of the organization's donated components. Furthermore, CO's leaders often find their mechanical tune-up and service department backlogged with too much demand for their limited workforce because they do not have enough employees or volunteers to keep pace. Although CO leaders feel well-positioned versus their for-profit competition about their competitive advantages from donated goods and labor, they fear losing their competitive advantages if they cannot effectively meet demand. Lastly, CO leaders think they are smaller than their for-profit competitors, forcing them to be nimbler and more creative in their approaches to business operations. However, CO's leadership does not feel threatened by competition from for-profit bicycle shops and service providers in their market.

Competitive Changes. CO's leadership noted several recent competitive changes in its operating environment. CO's leaders indicated that governmental responses to COVID-19 positively and negatively affected their competitive position. CO's leaders noted the positive effects of increased bicycle sales and service demand from the pandemic. CO's leadership underscored the pandemic's more significant negative effects on the organization, which included: (a) increased government regulations and restrictions on businesses and socializing, (b) the delayed opening of its new downtown cycle center and membership facility, (c) decreased foot traffic into the store; reduced volunteer energy and time commitments to the organization, (d) increased resource devotion to rebuild and reinvigorate volunteer relationships, and (e) unexpected supply chain issues related to sourcing and procuring bicycle parts and accessories. However, CO's leaders opined that they became more innovative and entrepreneurial in response to the competitive landscape changes and dealing with the positive and negative impacts of the COVID-19 pandemic. Furthermore, CO's leadership noted that the value and usage of strategic partnerships with other nonprofit organizations and community groups, particularly related to issues important to the transgender community, improved significantly in response to the pandemic. For example, the importance of resource sharing and cobranding became incredibly obvious. These competitive changes affected the organization and its operation, mainly related to its new cycling center and headquarters.

CO's leaders expressed the most concern about the competitive disadvantages of leasing and running, but not being able to fully open to the public, its new membership-based downtown cycling center and headquarters for more than one year after its original commencement expectations. CO’s leaders did not fully open the new center until August 2020. They expressed that this delay represented a significant delay in expected new revenue lines from membership fees and ramped income sources at the new center. Moreover, leadership noted that the new center had more operating expenses than its old location. Therefore, CO’s leaders offered that what had once been a future competitive advantage and successful strategy for growing organizational revenue for financial stability in the face of decreased charitable contributions from legacy contributors had become a severe competitive disadvantage. However, since August 2020, CO’s leadership has seen this concern dissipate into excitement for the new center. It has become a source of advantage by displaying the center's competitive strengths and future possibilities. Moreover, the delay made it more difficult for leaders to get the word out about the new downtown cycling center. However, the organization’s leaders and staff have begun to realize the benefits of competitive change. Unfortunately, these competitive changes have not started to significantly seep into financial metrics associated with its revenue mix and income sources, as seen in Table 6. Those competitive changes will take time to appear in CO’s financial realities and statements.

Table 6

Revenue Mix: 2019–2021

Income source	2019	%	2020	%	2021	%
Charitable contributions	$14,651.44	19.04	$20,264.02	63.05	$27,302.89	21.44
Grants	$44,000.00	57.19	$980.70	3.05	$42,620.34	33.47
Bicycle and associated sales	$6,469.12	8.41	$10,896.36	33.90	$54,998.84	43.19
Membership sales	$8,450.00	10.98	$0.00	0.00	$0.00	0.00
Uncategorized	$3,370.75	4.38	$0.00	0.00	$2,412.00	1.89

Comparative Data. CO's leadership was unaware of external comparative data and did not track or compile internal comparative data to strategically benchmark the organization against its nonprofit and for-profit competitors. Its leaders do not know of any such data readily available, nor have the resources, materials, or time to compile, assess, analyze, or benchmark against such findings. Leadership only knew that their organization felt smaller than competitors or bike charities. CO's leadership also noted that its internal quantitative metrics are not good. Therefore, CO's leaders and staff gauged its competitive position and strategic courses in the face of such competition in a qualitative and mission-focused way rather than a qualitative way.

Strategic Context

CO's leaders face various strategic challenges and advantages in business operations and mission delivery. I present a summary of these in Table 7. CO's leadership named three strategic, interrelated organizational challenges: workforce staffing issues, increased cycling center capacity requirements, and the need for more funding. Specifically, CO's leaders felt challenged by a labor market without readily available and affordable workers. The leaders also thought increasing inflation had worsened labor market predicaments and challenges. Also, CO’s leadership believed that their labor-market challenges feed directly into their problem of meeting the increased demands for operational capacity after opening their new cycling center. For example, CO’s partner in the cycling center, the local city municipality, placed contractual obligations in its favorable lease on service level and business hour expectations, which has proven difficult for the organization due to workforce issues and general funding issues. Lastly, CO’s leaders thought that access to more funding could help with the abovementioned challenges and other operating issues concentric on meeting its community's needs. Fundraising concerns increased recently as charitable contributions from one historically significant donor ceased. CO’s leadership named four strategic organizational advantages: the city-subsidized cycling center, volunteer labor, donated inputs, and legacy operating leanness and efficiency. Specifically, CO’s leaders were aware of and highly grateful for the strategic advantage granted to it by its municipal partner for leasing and managing its new cycling center. The cycling center is well-located in the downtown area, near the city and state municipal campuses, and aesthetically pleasing with near-zero rent and other benefits, such as high foot traffic. Also, CO’s leaders noted that the service of their volunteers brings significant strategic advantages to the organization, including free labor that lowers the organization’s operating and sales costs and community exposure. Additionally, CO’s leaders emphasized the strategic advantage they gain from the donated input products they sell to their customers. Lastly, CO’s leaders felt that one of their most significant strategic advantages is that they have always had to do more with less over the years, making efficiency and leanness organizational requirements. In summation, CO's leaders face these strategic challenges and improve their business operations and mission execution with these advantages.

Table 7

Strategic Challenges and Advantages

	Strategic challenge	Strategic advantage
New cycling center		
Increased capacity	●	●
Subsidized rent		●
Workforce		
Employee availability	●	
Employee affordability	●	
Volunteer labor	●	●
Donations of sales inputs	●	●
Funding needs	●	
Legacy operations		
Small size	●	●
Limited resources	●	●

Performance Improvement System

CO's leaders do not operate with a formalized or structured performance improvement system. CO leadership is implementing a performance monitoring and improvement system to improve its processes, procedures, and pay opportunities. The lack of such a system has been a recent hindrance, particularly related to employee evaluation and termination. Moreover, CO's leaders think better metrics could lead to better performance in response to seasonality and other business trends. Lastly, the CO's leaders feel that the organization could not do much better reflecting on its performance, which is concentric on a performance improvement system.

Leadership Triad: Leadership, Strategy, and Customers

I assess and summarize the CO’s leadership triad, which converges on the organization’s leadership, strategy, and customers. Specifically, I will report how CO’s leaders focus on strategy and customers as they execute their mission.

Leadership

Senior Leadership

The senior leadership of CO includes six board members, one of whom is the organization's executive director. In this section, I highlight how CO’s senior leaders set the organization’s vision and values; demonstrate commitments to legal and ethical behavior; communicate with and engage their workforce, key partners, and key customers; create an environment for success; and focus on actions that will achieve the organization’s mission.

Setting Organizational Vision and Values. CO’s senior leaders use a leadership system to develop the organization’s vision and values. Subsequently presented, I include Figure 2 to highlight CO leadership’s process for setting the organization’s vision and values. Specifically, the board of directors, which includes the executive director, sets the vision and values of the organization collaboratively, and the executive director is most responsible for carrying them out through staff and in their community. For example, CO’s senior leaders discuss and set the vision and values of the organization, and the executive director communicates the vision and values of the organization to staff and community members, most often verbally but also through the policies CO’s leaders and the executive director implement. Both the board of directors and the executive director monitor the organization's performance and adherence to its vision and values. Although CO's executive director exercises more autonomy in setting vision and values now than other executive directors exercised historically, other board members do often step in to guide the executive director, reiterating alignment of their expectations, which can often be from the perspective of the historical expectations of invested board members, resyncing the executive director with history and values of the organization. Through this system, CO's senior leaders set the vision and values of the organization and align them with the organization's historical purposes and perspectives and their community.

Figure 2

Leadership Process for Setting CO's Vision and Values

Committing to Legal and Ethical Behavior. CO's senior leadership shows its commitment to legal and ethical behavior through its actions. Senior leaders have proactively worked to shore up the organization's legal compliance regimes, ethical business practices, and behaviors. CO's senior leaders continue to battle negative feelings from key partners and community members that stem from the organization's former executive director and governance. In recent years, CO's senior leaders have spent considerable time and energy reiterating and communicating legal and regulatory compliance, contract performance, and strict legal and ethical standards. Through such demonstrations via words and deeds, the organization has improved and will continue strengthening its commitment to legal and ethical behavior.

Communicating with and Engaging their Workforce, Key Partners, and Customers. CO's senior leadership uses direct, transparent, and more frequent communications with its workforce, key partners, and customers. The executive director works in the cycling center daily, dealing and communicating directly with all staff members, key partners, and customers. CO's senior leaders think that clear and honest communication is essential for creating trust amongst the organization's stakeholders. Furthermore, CO's senior leaders have reemphasized the importance of such communications practices because it had not been a priority for some of the organization's earlier leaders. The latter is no longer active at the organization. These changes in communication practices have been significant when dealing with its key partners and customers because the organization has a history of obfuscating communications with its key partners and misleading its customers, which is unfortunate since its customers and key partners already have difficulty discerning some of the more complicated aspects of the organization's mission, values, and operations. Lastly, CO's leaders have been working on expanding its collaboration with new key partners and other stakeholders outside the organization, avoiding previous proclivities towards independence and going-it-alone behaviors. There is definite renewal around engaging and building strong relationships with other nonprofits and organizations that align with the mission and values. In summation, CO’s senior leaders have reemphasized clarity, proactivity, renewal, and expansion in their communications and engagement with their workforce, key partners, and customers.

Creating an Environment for Success. CO’s senior leaders emphasize the importance of creating an environment for promoting success. CO’s leaders view the promotion of success as having both ongoing and longer-term components. Concerning the ongoing operations, CO’s leaders think that staff and volunteers should be able to approach leaders for what they need to succeed, and CO’s leaders should, in response, be able to give staff and volunteers the tools they need to succeed, empowerment, and do their best work. In terms of the long-term, CO’s leaders have been taking many steps to improve the organization's financial well-being and community reputation. Such efforts include looking for and procuring external assistance and professional services, mainly related to accountancy and fiscal accountability, and proactively shoring up the organization's reputation in the community. CO’s leaders acknowledge that some community members do not want to collaborate with CO because they had negative interactions with earlier members of the organization's leadership. Therefore, CO leaders feel it is imperative to emphasize and communicate the change in leadership, values, and priorities that the organization has gone through concerning people within their community. It is only through emphasizing and communicating the new environment for success being created by new CO leaders that the successful promotion of attainment and mission can be met.

Focusing on Action to Achieve the Organization's Mission. CO's senior leadership now emphasizes action in servicing and realizing the organization's mission. For example, CO's leaders now look to hire new staff, promote new board members, and recruit volunteers who can manage and take control of projects and processes independently. CO's leaders think empowering the independent action of staff, board members, and volunteers can make meaningful connections to the mission and related aims that contribute to the organization's success. They think this is true if leaders continue to promote alignment and feedback into this new action plan. Empowerment of individual action for the collective good and aims of the organization seems to have become a significant emphasis for the organization's leadership as it aims to turn ambitions into action and results.

Governance and Societal Responsibilities

This section summarizes CO's system of governance, governance performance, legal and regulatory compliance, ethical behavior, societal responsibilities, and community support. CO's leadership informed of these governance and societal responsibilities and associated successes and challenges objectively.

System of Governance. The board of directors and the executive director are concentric to CO's system of governance. Individuals with professional backgrounds, proper training and education, and extensive nonprofit experience fill the board of directors and executive director positions. Each of these players occupies a vital role in

CO’s governance. However, the organization's system of governance is flat, meaning it does not operate with committees or subcommittees for governance. The board meets monthly and on ad hoc bases to govern and make strategic and tactical decisions for the organization. The executive director directs day-to-day governance, gaining the input of other board members when and if needed. The executive director takes pride in setting proper boundaries and clear directions as a system of governance with staff and volunteers without being overbearing or too powerfully imposing his will on CO’s workforce. Also, the executive director includes collaboration in the system of governance. However, the executive director noted that the organization’s governance needs firm boundaries from time to time because it must function within its vision and mission while running a bicycle shop and related services and offering them to the public. However, the executive director believes that CO’s workforce cares about the outcome of their work and the organization’s governance, so not much stronghandedness enters the organization's governance. Lastly, a system of feedback and discussion is part of the governance structure, with questions and alternative solutions being proposed when things do not go as planned or expected. This feedback sharing also flows from the board of directors and the executive director often and when needed. Through this responsive and adaptive system of governance CO’s leaders keep and govern the organization in service to its vision and mission.

Evaluation of Governance Performance. CO’s leaders do not have a formal, explicit codification or understanding of the criteria for performance evaluation or success at the organizational governance level of the organization. CO’s leadership cites this omission as one area within which the organization's leaders have failed in their governance. However, CO's leadership noted that it had become a challenge and worthy goal for the organization to reinvigorate and reactivate less engaged board of directors members and realign them with the organization and their required commitments. Lastly, CO's leadership thinks its workforce and board members should face a more rigorous and formalized performance evaluation process across the organization. CO's leadership provides this as an example of an organizational weakness for remedy. Such a lacking performance evaluation system limits the organization's long-term well-being and the effectiveness and positive evaluation of the organization's current board of directors and executive director. CO's leadership acknowledges and is beginning to establish a system for evaluating governance and performance.

Legal and Regulatory Compliance. Following legal and regulatory requirements are incredibly important to the leadership of CO. In Table 8, I depict some of these initiatives. The organization's leaders have struggled with keeping appropriate legal and regulatory compliance in several areas of their business operations. For example, the current executive director initially confronted many lingering complications and compliance issues from earlier organizational leadership concerning employee classification and payroll taxation. Also, CO's leaders expressed concerns that proper IRS tax-related filings, such as IRS Form 990, might not have always been appropriately filed in earlier leadership regimes. Additionally, CO's leadership acknowledged that a good general business understanding and the realities of legal and regulatory compliance were not a requirement of their previous professional experiences. It has taken leadership some time to understand the vagaries and realities of proper legal and regulatory compliance. Also, the organization's leaders have been working through recent legal and regulatory compliance concerns voiced by its municipal partner in the downtown cycling center related to the performance of lease terms. CO’s current leadership blamed the poor lease performance on earlier organizational leadership that tried to open and operate a downtown bicycling center amid COVID-19-related restrictions and lockdowns and poor support from and communications with local city officials during recent years. In terms of ensuring compliance with the city's expectations placed upon the organization, CO’s leaders have been reanalyzing its lease and ensuring that it performs presently and into the future, which had become more manageable since city administrators began working more clearly and directly with the organization’s leaders after voicing lease performance concerns. Lastly, regarding future legal and regulatory compliance initiatives, CO’s leaders do not plan to move into any complicated, new business operations with complex legal and regulatory requirements, which should aid the organization with supporting recent legal and regulatory compliance adherence. In summation, CO’s leadership worked to overcome and do a much better job with legal and regulatory compliance broadly and specifically to the previously discussed complications.

Ethical Behavior. CO’s leadership emphasizes the ethical conduction of its business operations and interactions with its customers and other stakeholders. CO’s leaders aim to be transparent and honest in their actions and communications with all stakeholders. However, current CO leadership acknowledges that the promotion of ethical behavior could have been more substantial in the past under the guidance of different CO leadership. For example, CO leadership expressed concerns that the organization had previously exhibited a negligent attitude of equivocation and telling stakeholders untruths, hiding the truth in fundamental ways to create confusion and mislead others in the organization's favor. CO's leadership learned from the organization's past mistakes and has implemented measures to conduct ethical business operations and stakeholder interactions.

Table 8

Legal and Ethical Compliance Processes, Measures, and Goals

Compliance Processes	Category	Measures	Goals
Federal and state labor and human resource laws	Legal	Number violations	No violations
Federal and state payroll laws	Legal	Number violations	No violations
Federal and state nonprofit organization laws	Legal	Number violations	No violations
Bicycling center lease performance	Legal	Number violations	No violations
Promotion of transparent and honest behavior	Ethical	Number violations	No violations

Societal Well-Being. CO's leadership promotes society's well-being, locally and globally, via its vision, mission, and values. The mission of CO is to involve everyone in bicycling by removing economic barriers to the activity. The vision of CO is to engage all people in its community in bicycling and help them with taking control of their transportation. The most important values of the organization are to allow everyone access to the organization's service offerings because transportation is a fundamental human right; bicycling should be for everyone; equal access to transportation prompts economic and social justice; wider usage of bicycling protects a fragile climate; and objects, such as used bicycles, are perfect for reuse and redeployment. As a nonprofit human services organization, CO’s leadership conducts its vision, mission, and values and improves society through its services, guidance, and bicycling advocacy.

Support and Strengthen Key Communities. CO’s leadership supports and strengthens its key communities of all current and prospective bicyclists in several ways. The most obvious method is that CO’s leadership and workforce supply low-cost bicycle education to everyone regardless of their ability to pay. CO’s leaders and workforce also provide bicyclists with the tools, parts, and knowledge they need to build, repair, and maintain their bikes. CO’s leaders and workforce also run a bicycling center membership facility to remove obstacles to bicycling in its local community. In terms of advocacy, CO’s leadership can attend meetings of the local municipality’s transportation committee, which would not be possible but for its partnership with the city to operate the bicycling center and allow for opportunities to support its critical communities via the promotion of equality of transportation, access, and bicycle amenities throughout the city in those committee meetings. For example, CO’s leaders can assist in planning city bus routes and city bicycle events. Lastly, the organization’s leaders feel strongly that they also support and strengthen their key communities because they promote civic space and society. CO's leaders and workforce support and enhance their key communities through educational, provisional, membership, advocacy, planning, and civic activities.

Strategy

I summarize CO’s leadership methods for developing and implementing organizational strategy in this section. Strategy development and implementation are essential considerations for nonprofit organizations.

Strategy Development

The development of strategy entails the conduct and process of strategic planning, innovation, processing data and information, bifurcating essential strategic functions amongst the workforce and others, creating key strategic objectives and a timeline, and balancing strategic objectives across competing needs. The development of strategy is a complicated process.

Strategic Planning Conduct and Process. CO's leadership strategic planning conduct and process occur ad hoc when the need to develop new strategies or action plans arises. At such times, the board of directors and the executive director work closely together to conduct the organization's strategic planning processes and initiatives by discussing a strategic issue they need to weigh and address. I describe these steps in Figure 3 below presented. The process typically begins when the executive director brings a problem or decision to the board of directors, a discussion or deliberation ensues, and the collective makes a decision that serves as the basis for the new strategy or action plan. CO's leaders then deploy resources in support of the strategic action. The executive director and board of directors then monitor the situation for feedback and alteration of methods until the strategic initiative has been satisfactorily managed or permanently operationalized in the organization's ongoing business operations. CO's leadership expressed concern that scarce organizational resources, including limited financial resources and leadership and workforce free time, harm the organization's strategic planning conduct and process successes. Also, CO's leadership thinks that as much as it would like observers to perceive it as wise creators of extremely effective plans, the realities of the organization's situation as much about running from crisis to crisis without having the time to build meaningful strategic plans and processes for the mid to longer term. Therefore, CO's leadership expressed some reluctance, especially on larger projects, that the conduct or results from strategic planning are unsatisfactory. CO's leadership stays hopeful and plans to work on this aspect of the behavior and effects of its strategic planning process.

Figure 3

Strategic Planning Process

Strategic Planning Innovation. CO's leadership opined that the organization had been static and that not many significant innovations had come from the organization's strategic planning processes. However, CO's leadership asserted that plenty of smaller-scale, creative innovations arose from the organization's strategic planning processes. CO's leadership felt that the organization could strive to reach more eureka moments in its strategic planning processes and innovations than in the past. The executive director felt that any such eureka moments were typically prompted by their actions rather than the collective efforts of the board of directors. Accordingly, CO's leadership felt that innovation from strategic planning worked on a small scale but was less effective on more extensive, weightier issues.

Strategic Planning Data and Information. CO's leadership recently began improving its data metrics and information collection efforts. CO's leaders have started quantifying and collecting better financial and non-financial data on their services and business operations. Some of these collection improvements stem from external sources, such as better data for grant writing efforts. However, CO's leaders also acknowledge that many reasons for seeking better metrics are to run the organization better and plan strategically. For instance, many non-financial collection efforts are related to class attendance and metrics. Also, CO's leaders felt that many of its financial metrics lacked the regularity and scope to be helpful to the organization. Therefore, many recently focused on keeping better bookkeeping and financial reporting, which can help make decisions, strategic planning, and think meaningfully about the organization. The organization can make strides in quantifying and qualifying its strategic aims and actions by using and attaining these improved data and collection efforts.

Key Process Bifurcation between Workforce and Others. CO's leadership noted that it has a minimal workforce to divide the organization's strategic and tactical operations. CO's leaders think they must often stretch the organization's workforce thin and focus on the day-to-day operations of the cycling center, classes, and shop. Furthermore, because of the small crew, the executive director must also perform many of the day-to-day operating tasks of the organization in addition to doing things such as marketing, advertising, communications, and coordinating volunteers periodically. Therefore, CO’s leadership has begun to exercise outsourcing options with external service providers when it can afford it or is looking for specific expertise that it does not have in-house. CO's leaders manage their organization through this bifurcation between the workforce and others.

Key Strategic Objectives and Timeline. CO’s leadership has several strategic objectives and considerations that balance the organization’s vision, mission, and values with the needs of its customers, communities, and other stakeholders. I depict in Table 9 those strategic objectives and concerns. One of the most critical objectives is keeping the organization’s classes frequent and recurring, especially during warmer seasons most conducive to bicycling. Another essential objective is to keep up the customer and community outreach efforts at times similar to peak bicycling seasonal demand. The organization’s leaders also reemphasize the importance of maintaining and complying with its cycling center lease. There are specific performance measurement metrics and timelines for such compliance. Organization leaders also place strategic importance on driving new membership to the cycling center, a new source of revenue for the organization distinct from its past revenue sources. Lastly, the organization is interested in increasing its charitable donations through new fundraising methods and efforts to assist with its time and financial resources being thin across the organization. Although the organization acknowledges that charitable contributions are no longer the anchor of funding the organization and its operations, increasing philanthropic contributions via new tools and techniques can assist the organization in delicately balancing its aims and needs. Through its strategic objectives and considerations, CO's leadership balances the organization’s vision, mission, and values with the requirements of its customers, communities, and other stakeholders by acknowledging and prioritizing them.

Table 9

Schedule of Strategic Objectives, Action Plans, and Measures

Objectives	Strategies	Goals	Action Plans	Measures	2022	2023
Running class every spring, summer, and fall	Solicit instructors, improve advertising, and collaborate more with other organizations	Good attendance (4–5+) at each class, throughout the season, with an increased number of volunteer instructors.	Train volunteer instructors, advertising campaign, and reach out to potential collaborators during winter	Weekly class metrics	First year back to classes	Plan to be up and running in April
Complying with city and cycling center lease and expectations	Complying with outstanding items	Renewal of lease in January 2023	Submitting monthly reports and completing an audit	City satisfaction in meetings and lease renewal in January	Check-ins with city staff every two weeks	January Transportation Committee meeting
Financial sustainability of the organization	Increase shop revenue, apply for grants, cultivate relationships with large donors, begin fundraising efforts, and strategically reduce spending	Have enough cash reserves by October to staff the bicycle center through winter	Turn shop staff attention to fundraising in fall; send out ask letters to donors and volunteers; scout grants; revitalize our eBay store	Improved Balance Sheet	Cash is tight this year; the shop is making more money than ever before, but inflation and unforeseen expenses are impactful	Depend less on single sources of revenue

Strategic Objectives Balance amongst Competing Needs. CO's leadership acknowledges the importance and complexity of balancing its strategic objectives and competing needs to serve its vision, mission, values, customers, and other stakeholders. For instance, the organization has limited resources to divide its strategic objectives and business operations. CO's leaders try to offer what is most important to their customers and communities without dimming their other services and offerings. It is a challenging task according to the organization's leaders; however, it is a consideration that remains from and center in the organization's operations.

Strategy Implementation

In this section, I describe how CO's leadership implements the strategic objectives and deploys key action plans, ensures the availability of resources to support key action plans, and uses key workforce plans to support key action plans. I also discuss how the organization's leaders employ key performance measures to track key action plans, make and elucidate key performance projections, and shift action plans when needed.

Key Action Plans and Deployment. CO's leadership does not operate with longer-term action plans as part of its normal strategic process and implementations. Instead, the organization's leaders prefer implementing smaller, short-term action plans after collective deliberation and decision-making. This collaborative approach often includes staff deciding how to implement such key action plans rather than the organization's leaders telling them how. Furthermore, CO's leaders do not make strategic planning and key action plans overly complex, instead opting for key action plans without significant moving parts to manage. However, CO's leadership does acknowledge some historical complications with following up with and providing and receiving feedback on key action plans because of the decentralized nature of the organization and its methodologies around action plans. Lastly, CO's leaders offer that although they focus on simple, short-term action plans, they have a few more extensive scale projects and extended-term deliberations. For example, CO's leadership would like to create a plan to open a second location besides its downtown bicycling center or look for additional storage facilities for its inventories and equipment. Leadership could likely break any long-term manifestations of action plans into smaller items, mostly aligned with the organization's strategic approach to action plans.

Ensuring the Availability of Resources to Support Action Plans. CO's leadership thinks the organization's workforce can complete action plans with available resources. Although there are some worries about efficiencies with staff contributing across numerous service offerings, such as classes, sales, and the repair shop, often at or near the same time, CO's leadership thinks these cross-functional situations are also opportunities for them to educate or sell across functional areas. For example, a shop mechanic might take the opportunity to invite a class into the shop to watch the repair work being performed for more of a hands-on experience. Such two opportunities at the same time are efficiency losses but are also value-added opportunities for customers and stakeholders. Additionally, CO's leaders think that the organization is fortunate to earn money while doing charitable, human service work. However, CO's leaders must also create better fundraising capacity and leverage membership sales for the downtown bicycling center to increase the resources available to service their mission. Such efforts could ensure greater availability of resources for the organization’s workforce and action plans.

Key Workforce Plans Supporting Action Plans. CO’s leadership believes that one of its biggest challenges is increasing and developing its workforce. The organization’s leaders do not think they have an issue with motivating staff to implement and achieve action plans or complete their obligations to the community and other stakeholders but think they could do more with a larger workforce. Specifically, the organization could use more people to implement strategic action plans and day-to-day operations. However, budgetary constraints of the organization do limit its leaders' ability to bootstrap such growth in the workforce. Therefore, the organization relies significantly on the volunteer part of the workforce to implement many of its strategic action plans. Essentially, CO’s leadership would like more crew to support action plans better and expand the scales and scope of service offerings.

Key Performance Measures for Tracking Action Plans. CO’s leadership noted that for the first time in the organization’s history, assembling meaningful metrics and key performance measures for tracking action plans is coming to fruition. CO’s leaders have begun to construct criteria for monitoring and judging the success of action plans. For instance, the organization’s leaders have started to measure its performance around community outreach efforts as gauged by the number of individuals coming to bicycling classes or monetary contributions to the organization.

Key Performance Projections. CO's leadership thinks it could collectively do more concerning making key performance projections and considering what it would like the organization to do prospectively. There are some feelings that the organization could be doing more in service to its vision, mission, and values than it has or is recently doing and that there could be a distinctly clearer perspective. Also, CO's leaders think more could be planned and projected regarding its contractual performance and obligations. Specifically, some reservations amongst leadership exist that the lease for its bicycling center with the city could align more with the organization's values. Furthermore, CO's leadership thinks that a whole conversation should be had about the organization's future, which is a reasonable and fair proposition, and the services the organization should and should not provide.

Shifting Action Plans. CO's leadership has experienced shifting action plans to meet emergencies, new priorities, and improving organizational performance. The organization's leaders think they and their staff do well with priorities, especially shifting them when required. It frequently happens that CO's leadership thinks the organization is agile and nimble with shifting action plans and related activities.

Customers

In this section, I describe how CO's leadership and workforce meet customer expectations and facilitate customer engagement. Both aspects of customer relations are critical for the strategic success of the organization and the realization of its vision, mission, and values.

Customer Expectations

In this section, I analyze how CO's leadership obtains actionable information from potential customers, determines customer groups and market segments, and determines product offerings. The organization's leaders expressed areas of strength and concern in this section.

Obtaining Actionable Information from Customers. CO's leadership has begun getting actionable information from customers in meaningful ways. Such information is essential to the organization's leaders, now more than ever, because they are weighing revising the terms of their lease on their downtown cycling center and adding new service offerings. However, the organization's leaders hesitate to add too many or substantially diversify their core service offerings. CO's leaders think there is a solid case to avoid doing too many things because the leaders and workforce already have complications explaining the available service mix to customers. There are severe considerations about shrinking, rather than expanding, its service offerings because of the information it receives from its customers and its ability to digest more complex service offerings. CO's leaders believe that it could reduce confusion by doing so. Additionally, the organization's leaders focus on obtaining customer information concerning current service offerings. Such feedback is helpful because it allows CO's leaders and workforce to adjust their service offerings in response to customer feedback. It is through the attainment of such information that CO's leadership can listen and respond to its customers.

Obtaining Actionable Information from Potential Customers. CO's leadership does not presently attain information from potential customers, such as surveys or other information-gathering tools, over and above regular interactions with people in their shops or other service venues. However, CO's leadership would like to see more efforts placed upon bringing different people into the cycling center and other offerings to increase customer diversity. There is some need to look beyond those who presently visit the shop to find more diverse customers.

Determining Customer Groups and Market Segments. CO's leadership denied that any marketing and research activities have focused on extracting granular information about customer groups and market segments relevant to the organization. The organization's leadership knows a few categories of clients participating in various service offerings. CO's leaders express some hesitation that performing market segmentation and customer group information gathering might drive away specific customers rather than just bringing in new customers.

Determining Product Offerings. CO's leadership is presently engaged in introducing new products in their market. For example, its workforce introduces its customers to bicycle helmets and hydration solutions for high-level sports. People have asked explicitly for both things over time, and the organization's leaders have responded.

Customer Engagement

In this section, I analyze how CO's leadership engages their customers by building and managing customer relationships, enabling customers to seek information and support, managing customer complaints, determining customer satisfaction, dissatisfaction, and engagement, obtaining information on customer satisfaction relative to other organizations, and using voice-of-the-customer and market data and information.

Building and Managing Customer Relationships. CO's leadership aims to provide its customers with the best and most timely services. For instance, turnaround time is significant for the organization's customers. Also, CO's leaders think providing the best and most convenient services can lead to repeat customers, which is especially important for the organization. According to the organization's leaders, the same mentality is valid for the classes its workforce teaches. CO's leaders hope to place some future focus on building better customer databases to make repeat business more predictable and guaranteed.

Enabling Customers to Seek Information and Support. CO's leadership thinks that allowing the customers to seek information and support is at the core of the organization's mission. CO's leaders and workforce look to educate and comprehensively inform everything they do. It is through such objectives and perspectives that information and support optimize for the customer.

Managing Customer Complaints. The organization's leaders do not have an explicit policy for dealing with complaints. However, they recommend that customers with complaints reach out to them directly to register the same. The current leadership felt that previous leadership regimes gave complainants what they asked in resolution, so long as they were kind. However, current leadership did not recognize such capitulation as a best practice of current leaders.

Determining Customer Satisfaction, Dissatisfaction, and Engagement. CO's leadership believes that its best source for determining customer satisfaction, dissatisfaction, and engagement is related to the people coming back, whether that revisit is for classes, retail purchases, or tune-ups. Also, this statement is true for their word-of-mouth promotion and referrals, as it becomes straightforward if the organization's workforce and leaders are doing things well or poorly.

Comparing Information on Customer Satisfaction with Other Organizations. CO's leadership believes that it and the staff do well in satisfying their customers. However, the organization's leadership acknowledges that no hard metrics support this feeling.

Using Voice-of-the-Customer and Market Data and Information. CO's leadership gathers voice-of-the-customer data and information; however, they do not look to acquire broader market data for their operations. In their estimation, CO's leaders command an organization with a small and flat governance structure compared to competitors and, therefore, interact directly and frequently with their customers, gaining voice-of-the-customer data efficiently and effectively. CO's leaders further opined that community members feel comfortable speaking frankly about their issues, good or bad, with them as needed. CO's leadership also thinks that a flat hierarchy means that received information is more likely to go across the organization to executive management and the board of directors. Therefore, the organization's staff and leadership are uniquely situated to hear the voice of the customer. Being small also makes the organization's leadership and team agile and uniquely responsive. Moreover, CO's leadership expressed that every customer and student matters. The organization has reformed structures in response to customer feedback and considered individual students' feedback when adding classes or scheduling availability for the year. However, the organization does not use broader market data to supplement its direct, granular approach to customer interactions. It primarily relies on customer interactions and feedback. CO’s leadership is honest about its usage of market data and aware of the ramifications of not seeking broader market data. However, it is confident that their means of extracting the voice of the customer, for an organization its size, is more effective and responsive. Therefore, they do not seek to change their approach or how they receive customer data and voice metrics.

Results Triad: Workforce, Operations, and Results

In the following section, I assess the workforce, operations, and results of CO by summarizing how CO’s leaders view the organization’s workforce environment, workforce engagement, work processes, operational effectiveness, efforts to measure, analyze, and improve organizational performance, and systems for information and knowledge management. The organization’s leaders displayed areas of strength and opportunities in their results.

Workforce

CO’s leadership aims to build an effective and supportive environment to engage its workforce for retention and high performance. CO leaders acknowledge that building an effective and supportive workforce environment and engaging its workforce have been tremendous challenges for the organization. Specifically, CO’s leadership noted that the organization has not always been the most supportive environment for its workforce.

Present CO leadership has been remedying these deficiencies by attempting to support its workforce, create an attitude of mutual support and respect, and build upon a signed code of contact for each leader and staff member. CO's leadership has also emphasized that staff can and should express their opinions, thoughts, and needs about the organization's operations even though a management hierarchy exists. The organization's leadership also believes that such realities result in a flatter governance hierarchy that benefits organizational communication and the team's work environment. CO's leadership aims to build an effective and supportive environment to engage its workforce for retention and high performance.

Workforce Environment

CO's leadership is committed to building an effective and supportive environment for its workforce. In this section, I assess CO leadership's (a) workforce capability and capacity; (b) recruiting, hiring, and onboarding of its workforce; (c) preparation of its workforce for changing capabilities and capacities; (d) organization and management of its workforce; (e) assurance of workforce health, security, and accessibility; and (f) supports its workforce with services, benefits, and policies.

Building Workforce Capability and Capacity. CO's leadership works to build its workforce capabilities and capacity needs, particularly in areas where it perceives deficiencies in its abilities to deliver services. The most significant indication of the organization's capacity needs occurs with backlogs in the organization's courses and repair services. The organization had recently identified the need for an additional member of its workforce to deal with the backlog in its service and course offerings.

Through such hiring initiatives, aimed explicitly at workforce capability and capacity, the organization structures its business operations to be responsive to its customer.

Recruiting, Hiring, and Onboarding Workforce. Despite its small size, the organization’s leadership aims to recruit, hire, and onboard its workforce effectively. CO’s leadership has recently recruited new team members, both paid staff and volunteers, with less traditional recruitment means, such as social media, flyers, word-of-mouth campaigns, and email distribution lists. CO’s leadership takes recruitment and hiring seriously by requesting cover letters, resumes, and interviews in their hiring processes. The organization’s leaders also strive to include behavioral components in their workforce hiring practices and assessments. They seek to hire people who are kind, compassionate, good community members, thoughtful, and competent in their core job descriptions. However, CO’s leadership acknowledged that the organization has deficiencies in onboarding and training. For example, recent hires' onboarding and training could have improved and been more comprehensive. CO’s leaders plan to be more hands-on and bespoke in their onboarding and training approaches in the future regarding new hires. CO’s leadership, through its honest self-assessment and appraisal, plans to continue improving its recruitment, hiring, and onboarding of its future workforce.

Preparing Workforce for Changing Capability and Capacity. CO’s leadership is aware of and proactively prepares its workforce for its changing capability and capacity needs. The organization often weighs how it can or should change capability needs. For example, its leadership recently realized that substantial changes in the bicycling market had occurred, including a broadened skill set requirement for bicycle mechanics as new products become commonplace. In general, mechanics have picked up these additional skills as they go; however, higher-level mechanic requirements come with many new bicycles that some mechanics might not have from previous experience. Furthermore, it is difficult for new bicycle mechanics to pick up numerous skills simultaneously, especially since many customers now demand higher-end bicycling products. Regarding capacity needs, CO's leadership thinks that recent economic uncertainties and cost-of-living increases make capacity building more difficult today for the organization. There are fears that some staff members might need to work at reduced hours in the future should the demand for the organization's services not afford all workforce wage expenses. These are a few areas of focus that underscore how CO's leaders prepare their workforce for changes in capability and capacity.

Organizing and Managing Workforce. There are clear lines of communication between leadership and their workforce where direct and open conversations between organization and management occur frequently. However, organizational leaders admitted that they should improve employee performance management, including periodic performance reviews, with a consistent and better codification of employee performance and regularity. This development could be more critical as the organization grows in size and employee count.

Ensuring Workforce Health, Security, and Accessibility. CO's leadership acknowledged that ensuring workplace health, security, and accessibility can be challenging for a small nonprofit organization operating a bicycling center. Regarding workforce health, organizational leaders cited COVID-19 and associated complications as one of the recent and significant challenges to ensuring a healthful workplace. CO’s leaders had to adapt to governmental regulations impacting their business operations, which at various times included shutdowns and mask policies. Additionally, CO’s leadership asserted that running a bicycling center with a repair shop has other safety dimensions than public health concerns. For example, mechanics, instructional staff, and volunteers work with sharp tools and potentially toxic chemicals in the course and scope of their work. In their estimation, a bicycle shop can be an environment with serious safety concerns and risks if not managed and mitigated. CO’s leadership works consistently to create a safety culture at the shop, so that team members feel comfortable expressing safety concerns. Furthermore, the organization’s leaders have recently taken a hard line on substance abuse in their workplace, disallowing any staff or volunteers to be under the influence. CO’s leadership also enforces policies regarding workforce security to protect its workforce, members, property, tools, and equipment. Such measures became even more critical when the cycling center opened and potentially introduced more people to the organization’s headquarters. The organization’s workforce has not had many negative customer interactions; however, they have occurred occasionally. The organization’s leaders also reported that the organization is close to the state capital campus and police station, often sites of civil protest and disobedience. CO’s leadership reiterated that ensuring workplace health, security, and accessibility can be challenging for the small nonprofit’s workforce and leadership.

Supporting Workforce with Services, Benefits, and Policies. CO's leadership aims to support its workforce with appropriate services, benefits, and policies. However, CO's leadership acknowledges that previous and current leaders have operated with some managerial inexperience and could have better provisioned their workforce services and benefits. CO's leadership also acknowledges that past and present administrators could have worked on structuring and formalizing more process, procedure, and policy boundaries regarding its workforce. With each new situation, CO's leaders work to improve the organization when deficiencies emerge concerning services, benefits, and policies.

Workforce Engagement

CO's leadership is committed to engaging its workforce for retention and high performance. In this section, I assess CO leadership's key drivers of workforce engagement; level of workforce engagement; furtherment of an organizational culture characterized by open communications, high performance, and workforce engagement; organization and management of a system of high performance; learning and development system support of the personal development of its workforce and organizational needs; evaluation of the effectiveness and efficiency of its learning and development system; and management of the career development of its workforce and future leaders.

Determining Workforce Engagement Key Drivers. CO's leaders understand the critical drivers of engaging their workforce, both staff and volunteers. Some essential drivers relate to pay, benefits, support, a positive work environment, and customer-facing roles that connect the organization's work to its workforce. Moreover, CO’s leadership continuously seeks to improve its understanding of and act upon the key drivers of its workforce engagement.

Assessing Workforce Engagement. CO’s leadership supports workforce engagement and the need to measure it. Although the organization’s leadership acknowledges that sometimes they could or should have managed workforce onboarding, training, and retaining better, they also acknowledge that the small-in-size, direct, and open nature of its business environment has helped leaders keep a pulse on that which is positively and negatively impacting employee engagement. The organization’s leaders can effectively measure and act upon what they sense personally and professionally through such a direct, interactive approach to assessing employee engagement.

Fostering a Culture of Workforce Openness, High Performance, and Engagement. The organization's leadership fosters a culture of openness, high performance, and engagement. CO’s leadership embedded principles of openness into many of its operational realities, especially related to its workforce, management, and interactions. Such a commitment to openness also feeds into employee performance and engagement. For example, CO’s leaders opined that one of the reasons that its employees feel so engaged with their work is because they have direct contact with the public and the delivery of their work product, which makes it easier for an employee to be motivated and engaged rather than alienated from the result of their work product. Furthermore, such employee engagement, in their assessment, feedback into greater community engagement with the organization. This constructive collaboration between community and employee also manifests in higher performance and work because the workforce then holds onto a higher standard of work independent of management power and commandment.

Fostering Workforce High Performance. CO’s leadership fosters high workplace performance by communicating and managing several workforce expectations. One of those expectations is that the organization can keep its paid staff fully employed in off seasons if they perform well during peak seasons. Otherwise, hourly workers might face decreased hours in slower periods. Another of those expectations is that if the organization does well financially, employees have the potential for raises each November. This management reality feeds employees high performance by motivating them to earn more revenue, manage costs efficiently, and work hard to get raises from potential surplus revenues. Another expectation relates to quality control metrics concerning the shop and instructional service offerings. CO’s leadership monitors quality and satisfaction directly with observation and interaction with the workforce and customers. Lastly, CO’s leaders monitor the early signs of workforce fatigue and burnout, which can manifest in other symptoms, such as tardiness, inattention to work duties, and lack of enthusiasm.

Learning and Development System for Workforce. CO’s leadership strives to balance supporting its workforce's personal and professional development and the organization’s needs. However, the organization does not currently have many opportunities for personal or professional development in the course and scope of employment. Therefore, CO’s leaders do not positively evaluate the effectiveness and efficiency of their learning and development system. Instead, personal development comes from on-the-job training and skill attainment rather than extrinsic personal training opportunities. The organization’s leadership will seek to develop these opportunities in the future as opportunities emerge.

Managing Workforce Career Development. CO’s leaders do not have a formal workforce career development management system or process. They admitted that this area is a deficiency and blind spot of the organization because they do not plan for or explicitly support their employees' career progression or development. Furthermore, the organization did not have examples of employees who had experienced career progression in recent years. CO’s leadership believed that as the organization grew and adapted, such workforce career development management could become a part of the organization's planning and operations.

Operations

In this section, I describe how CO’s leadership designs, manages, and improves its key products and work processes and ensures the effective management of its operations. The organization’s leaders participate in operations daily.

Key Products and Work Processes

In this section, I describe how CO’s leadership determines, designs, manages, and improves its key products and work processes. I do so by reviewing how its leaders: (a) determine the organization’s key products and work process requirements; (b) operate the organization’s key work processes; (c) design its products and work processes to meet the organization’s requirements; (d) ensure that the day-to-day work processes meet the organization's key process requirements; (e) determine their key support processes; improve work processes and support processes that improve their product and process performance, enhance their core values, and reduce organizational variability; (f) manage their supply network; and (g) pursue opportunities to innovate.

Determining, Designing, Managing, and Improving Key Product and Work Processes. The leadership of CO is deliberative and firsthand in determining, designing, managing, and improving its essential products and work processes. Current leadership inherited many legacy products and work processes from previous leaders. CO's current leadership determined that many of the organization's key products and work processes could and should continue without significant design or management modifications. However, CO's current leadership also determined that some of the organization's legacy products and work processes needed slight modifications or complete transformations as their division of the legacy business split into the independent, nonprofit organization. CO's leadership admitted that its design, management, and improvement evolution from its for-profit business roots had been involved and collaborative across leadership and staff, with initiatives and refinements coming from both top-down and bottom-up approaches. However, through such collaborative efforts, CO's leadership and staff have kept its essential products and work processes current with evolving business and operating realities and organizational product determinations. CO's leadership also noted that it makes such determinations to redesign, manage, and improve its key products and work processes in real time by listening directly to its customers and other stakeholders. Such a direct approach allows real-time adjustments in critical products and work processes as opportunities to refine and redefine essential products, work process requirements, and broader lines of business present themselves. Lastly, CO's leadership offered that it takes decisions seriously regarding determining, designing, managing, and improving its key product and work processes, ensuring that not only they meet the needs of its customers and other vested stakeholders but also meet the requirements of the organization's overarching vision and mission.

Designing and Ensuring Product and Work Process Requirements. CO's leadership works diligently to design and ensure that its products and work processes meet organizational requirements. Its leaders and staff have specific quality standards and requirements for all products and work processes. Organizational leaders noted that these standards had been the organization's strengths for a long time because many of the organization's leaders and staff, past and present, were strongly connected to the bicycling community. Also, CO's leaders noted that the organization uses checklists and quality checks to ensure the soundness of its products and work processes. Such efforts of design and assurance by CO's leadership and staff allow work products and processes to remain at ambitious standards of quality and performance.

Key Work Products and Associated Processes. CO's leadership has specific work products and processes for serving its customers and other stakeholders. These products and processes result from legacy operations and past and present leadership determinations, designs, management, and improvement, as discussed in previous sections of my analysis. In Table 10, I present the organization's key products and associated processes, requirements, and measures.

Table 10

Key Products and Processes, Requirements, and Measures

Product and Processes	Requirements	Measures
Used bicycle sales	Positive sales	Number of sales over time
	Gross profit	Sales price per bike greater than parts and labor
	Friendly staff	Positive and negative customer feedback over time
Parts sales	Positive sales	Number of sales over time
	Gross profit	Sales price per bike greater than parts and labor
	Friendly staff	Positive and negative customer feedback over time
Tune-up services	Quality work	Positive and negative customer feedback over time
	Efficient work	Number of tune-ups over time
	Safe work	Number of reported accidents over time
	Friendly staff	Positive and negative customer feedback over time
Mechanical classes	Popular subjects	Number of attendees by class subject
	Safe classes	Number of reported accidents over time
	Friendly staff	Positive and negative customer feedback over time
Cycling Memberships	Membership sales	Number of sales by category over time
	Membership renewals	Number of renewals by category over time
	Gross profit	Membership revenues greater than expenses
	Safe operations	Number of reported accidents over time
	Friendly staff	Positive and negative customer feedback over time
Charitable contributions	Bicycle donations	Number of donated bicycles over time
	Financial donations	Amount of monetary donations over time
	In-kind donations	Amount of in-kind donations over time
	Friendly staff	Positive and negative customer feedback over time

Determining Key Support Processes. CO's leadership does not have extended support staff or associated support processes. The organization has a limited staff with much overlap of responsibilities and duties for the executive director and other employed workforce members. For example, the executive director performs many human resources, finance and accounting, information technology, marketing, charitable contributions, and other related administrative work. Employed staff other than the executive director provides administrative support in addition to their core job functions in the cycling center and its many services. Additionally, CO's leadership offered that much of its support comes from members of its voluntary workforce who support all functional areas that are not sensitive or proprietary. CO's leadership hopes its continued success can lead to more divisions of labor as it pertains to its business operations, job descriptions, and administrative functions.

Improving and Supporting Work Processes for Product and Process Performance. CO's leadership aims to improve and support the organization's work processes and process performance. Its leaders and staff do their best to track work quality and customer dissatisfaction to ensure improvements to the performance of its products and services. For example, CO leadership tracks unsatisfactory work that customers return to their shop. This tracking allows the organization to improve and perform better. Such a focus on quality control is vital to the organization's leaders. Furthermore, the organization's leaders and staff listen directly to customer requests for additional, improved, or expanded product and service opportunities. Such customer feedback improves and expands the organization's offerings to the public while allowing opportunities to rework internal operational processes, procedures, and expectations. The executive director has focused dramatically on directly improving and supporting work process and process performance by working hands-on with staff in response to community needs. Leadership thinks this is an example of one of the core competencies of being small and nimble enough to address customer needs and concerns quickly and proactively without layers of administrative bureaucracy, which contrasts with leadership's knowledge of its geographic nonprofit and for-profit competitors. Leadership does not feel that its competitors participate in any iterative improvement process from customers. Moreover, focusing on improving and supporting work processes for product and process performance enables CO's leadership to reduce the variability of its products and service offerings. Leadership asserted that the organization should always offer its community a standard, repeatable experience, which is one of its strengths, without drifting into extreme outlier experiences. CO's leadership offered that improving and supporting its products and work processes for high performance will remain a key driver of the organization's leadership and a measure of its effectiveness.

Managing Supply Network. CO's leadership must effectively manage its supply network because its operations depend on numerous bicycle parts and related supplies. Some of its supplies can come from local hardware stores and similar merchants; however, other parts must be special ordered. CO's leadership strives to develop relationships with its suppliers, especially the more specialized parts providers, to ensure quick shipping times and the best prices. CO's leaders noted that working these relationships have become even more important as the mechanical systems of bicycles have become more complicated and sophisticated. Most importantly, CO's leadership asserted that if its community did not donate the main product for the business operations, donated bicycles, they would not be in business and serving the community. CO's leaders noted that they were blessed with too many bicycle donations instead of not having enough, so much so that storing them can sometimes be challenging. Lastly, CO's leadership asserted that it also has specialized cleaning needs and solvents to ensure it runs its cycling center cleanly and safely for the public. It must have a supply chain for these products, especially during COVID-19 and onerous public health considerations and protections. CO's leadership has a holistic and comprehensive understanding and approach to managing its supply requirements to benefit its business operations and community.

Pursuing Innovation Opportunities. CO's leadership reported that pursuing innovation has several operating realities for the organization. One reality is that the nature of bicycle repair has not changed much over time, even though bicycle parts and mechanical systems have become more complex and sophisticated. Accordingly, the organization focuses its innovation efforts regarding its bicycle repair operations on improving the efficiency of its storage system and workflows. Another reality is that innovation must occur within its workforce, mainly its skilled mechanics, to keep pace with the technological changes in the bicycle marketplace. Because of these market changes, the organization's mechanics must learn new skills and work processes to continue working on the newer models of bikes coming into the shop. Lastly, CO's leadership believes it must innovate how it teaches its classes, engages its communities for inclusion and embracement, and improves its organizational and corporate transparency for its community, customers, and other stakeholders. It is through pursuing these opportunities to innovate that the organization's leadership keeps in position in its market strengthening and the perception of its customers improving.

Operational Effectiveness

In this section, I describe how CO's leadership ensures: the effective management of its operations by reviewing how they manage their cost, efficiency, and operational effectiveness; the security, including cybersecurity, of sensitive and privileged information and data assets; a safe operating environment; and organizational preparedness for disasters and emergencies.

Managing the Cost, Efficiency, and Effectiveness of Operations. CO's leadership manages the cost, efficiency, and effectiveness of its operations daily. CO's leaders manage the costs of its business operations like any other nonprofit organization. Specifically, it seeks to expend less than the revenue it takes in and maximize its service offerings to its customers and other stakeholders. Its leadership underscored that operating and cycling center costs are the same as any other storefront or customer-facing business, such as utilities, insurance, and other business expenditures. The organization also faces the same labor market to extract and employ talent capable of working in a cycling center. However, CO's leadership acknowledged good relationships with the local municipality and other service providers, allowing for some subsidization of its business operations that other organizations might not enjoy. CO's leadership manages the efficiency of its operations with a hands-on approach and pulse-taking that a small, customer-facing business can enjoy. The executive director works alongside staff members and volunteers daily and directly to ensure that operational efficiency is maintained and improved. CO's leaders think that the most significant measure of efficiency in its operations is the speed at which its repairs can be done while maintaining the organization’s lofty quality standards. Having to redo work that mechanics performed shoddily can never lead to organizational and operational efficiency. CO’s leadership also manages its operations' effectiveness with its hands-on approach to its administration. For example, leadership’s ability to hear directly and be primarily impacted by a harsh or constructive customer or other stakeholder feedback entices its leadership to be entirely effective in its operations to the best of the workforce’s abilities. Although mentioned in the organization’s work on efficiency, organizational effectiveness can also be managed by the number of complaints or returns of unsatisfactory work. CO’s leadership also believes that having such a direct and open relationship with its workforce enables leadership to lead change and effectuate effectiveness. In summation, CO's leaders administer the organization's operations through agile, hands-on, and direct management of the organization’s costs, efficiencies, and effectiveness.

Ensuring the Security of Data, Information, and Key Assets. CO’s leaders aim to secure data, information, and critical assets. Specifically, the organization handles many personal contact information, including names and telephone numbers, of its customers, donors, and other stakeholders. Leadership and staff work to protect such data from loss or theft in the course and scope of its business operations. Furthermore, the organization’s leadership and workforce store such information in password-protected databases and point-of-sale systems. CO’s leadership protects its critical financial and banking data from breaches or losses. CO’s leaders also carefully protect the data associated with its employees, including social security numbers and other confidential information. CO’s leadership is aware of cybersecurity and related protections for its data and assets. Lastly, leadership works hard to ensure that it protects its vital physical assets, including, but not limited to, equipment, tools, inventories, and related assets. CO's leaders have a small organization with significant business data, information, and assets that they mindfully and proactively protect for their stakeholders.

Supplying a Safe Operating Environment. CO's leadership promotes a safe operating environment for its business operations and stakeholders. For example, CO's leaders encourage their staff to work as slowly as safety requires without taking risks to work faster. The organization's leadership also provides its staff, especially the mechanical workforce, with guidance for using power tools, chemicals, and other implements to protect staff safety in terms of short-term and long-term injury. Also, during the early and middle times of COVID-19, CO's leadership proactively mandated mask usage, vaccination requirements, and related safety protocols for staff and visitors in response to the pandemic, generally and local regulations specifically. Lastly, the organization's leaders place significant importance on the physical security of its building and those who visit and use its facilities. For instance, CO's leadership and the workforce ensure they are not an attractive prospect for theft or robbery by locking doors and safely dealing with money. They have also installed a card monitoring system to allow members to safely ingress and egress the building without broadening open-door access to all visitors to the entire cycling center. CO's leaders protect its business operations and stakeholders by promoting safety and security.

Ensuring Organizational Disaster and Emergency Preparedness. CO's leadership acknowledged deficiencies in its preparedness for organizational disasters and emergencies. The leaders expressed thankfulness that any such situations had not tested the organization or its facilities. Moreover, the leaders acknowledge that they have not codified or communicated disaster or emergency response protocols, policies, or procedures to their workforce or other stakeholders. CO's leadership did not provide a blueprint or timeline for mapping out and addressing a response plan for disasters or emergencies. Therefore, solving organizational preparedness for disasters and emergencies remains a concern for CO's leadership.

Measurement, Analysis, and Knowledge Management

In the following section, I assess CO leaders' measurement, analysis, and knowledge management, which is an essential foundation of the 2019–2020 Baldrige Excellence Framework's systems approach and hinges upon proper organizational information for the leadership and the management of organizational performance and its improvement. With proper measurement, analysis, and knowledge management, CO's leadership can support its Leadership Triad and Results Triad.

Measurement, Analysis, and Improvement of Organizational Performance

CO's leadership actively measures and analyzes critical operational and financial data to improve organizational performance. CO's leaders noted that they review the organization's operational and financial data for performance and capabilities on both short-term and long-term bases. However, such measurement and analysis activities are more recent for the organization. Unfortunately, CO's leadership could not give me any recordings of these metrics for analysis. Additionally, any long-term measurement, analysis, and improvement bases are new for the organization's leaders because they have historically focused more on the short-term than long-term considerations and decision-making. CO’s leadership now tracks metrics on several operational activities, including, without limitations, instructional classes, bicycle tune-ups, service queue efficiencies and backlogs, and marketing promotions. CO’s leadership also now tracks metrics on its financial activities, including, without limitation, revenues by source, expenses, budget variances, profitability, cash balances, and cash reserves. Unfortunately, CO’s leadership could not provide me with many recordings of these metrics for analysis. CO’s leadership opined that data collection for managing longer-term financial stability and financial sustainability as organizational performance measures could have begun much sooner. The organization’s leaders noted that they should have worked on developing better financial metrics for their business operations before their responses to COVID-19 placed such financial metrics in focus. Please see Table 11 for a description of the organization's critical operations and financial performance measures.

Table 11

Key Operational and Financial Performance Measures

Measures	Frequency
Operational	
Used bicycles sold	Monthly
Bicycle parts sold	Monthly
Bicycles donated	Monthly
Bicycle tune-ups and repairs completed	Monthly
Bicycle tune-ups and repairs uncompleted	Monthly
Instructional classes attended in total	Monthly
Instructional class attended by subject	Monthly
Cycling center memberships sold	Monthly
Cycling center membership renewals	Monthly
Volunteer workforce donated hours	Monthly
Financial	
Revenue from charitable contributions	Annually
Revenue from grants	Annually
Revenue from membership sales	Annually
Uncategorized revenues	Annually
Revenue and expense variances to budget	Annually
Cash on-hand	Annually
Cash in reserves	Annually
Loan and related credit facilities	Annually

CO’s leadership denied that its current performance measurement system could respond rapidly to unexpected internal or external changes. CO’s leadership felt that there remains an ongoing deficiency in the organization’s performance review process regarding developing priorities for continuous improvement and opportunities for innovation. Current leaders opined that the development of longer-term fiscal stability and financial sustainability data and management initiatives must continue to unfold for the organization's and its stakeholders' benefit. CO’s leadership believed they could quickly build more responsive metric-capturing systems without much effort, including more robust reporting on customer and student demographics and experiences. CO's leadership emphasized successfully gathering, sharing, and using comparative data and information on and from its peers and competitors on a range of topics, including, without limitation, how large or small the organization is when compared to others in the market, how quickly they can service bicycles compared to others, service models, and management practices and principles. CO's leadership asserted that actively measuring and analyzing critical organizational data to improve performance has entered a new phase in the organization's history.

Information and Knowledge Management

CO's leadership affirmed its commitment to accurate information and knowledge management. CO's leadership expressed concerns that the organization could have done more in the past to manage its information data and organizational knowledge assets as it recently began. Current CO's leadership did not feel that legacy leadership had adequately preserved the organization's information and knowledge for practical use by future leadership. Present CO's leadership did not feel such institutional retention and learning would benchmark effectively with similar organizations. Current leadership believes that it has improved this historic deficiency. For example, CO's leadership currently builds and manages its organizational knowledge by recording critical information more effectively, as if they were storing it for successors in leadership roles. CO's leadership opined that verifying and assuring quality organizational data and information is now better than ever. For example, CO's leadership reviews much of the data, checks it, adds the information to databases, and readies it for safe storage. CO's leadership ensures the availability of organizational data and information because it is a small enough organization to access most of the information. They use some cloud-based and office technology devices. However, CO's leadership expressed concerns about the timeliness and usability of its financial data. Such data, reportedly, is challenging to attain often as quickly as needed. CO's leadership affirmed its commitment to correct information and knowledge management while acknowledging that it had areas that needed work to get to ideal practices.

CO's leadership expressed its perspectives on sharing best practices within the organization and fostering organizational learning. CO's leaders share best practices verbally and in writing, depending on the end user. For instance, leadership and staff verbally share many organizational best practices with volunteers because they have not created a volunteer handbook for distribution. The same is mostly true for mechanical and instruction staff members. The organization does have a codified code of conduct that its volunteers, members, staff, and leadership must sign. Regarding safety practices and related concerns, CO's leadership will also verbally pass much of that information since there is no handbook. However, CO's leadership does have written material when required. CO's leadership does not feel the board has adequately recorded its best practices for governance and supervision. Lastly, CO's leadership uses its knowledge and resources to embed learning in its operations by focusing on one of its core service offerings to the public: teaching. Since the organization is a human services organization focused partially on bicycle training and instruction, CO's leadership incorporates that competitive advantage into its organizational learning and operations management. For example, CO's leadership underscores that its staff and administration must always be learning to move the organization forward. CO's leadership desires all employees to learn individually and collectively to better the organization and serve its mission. It is through CO's leadership focus on sharing best practices and fostering organizational learning that it aims to further organizational performance.

Collection, Analysis, and Preparation of Results

Thematic Findings

The research purpose of this qualitative single case study was for me to explore the strategies that nonprofit organization leaders employ to grow organization revenue for financial sustainability when charitable contributions cannot fund business operations. The research question of this qualitative single case study was for me to query the strategies that nonprofit organization leaders use to grow organization revenue for financial sustainability when charitable contributions cannot fund business operations. The thematic findings of this study include my uncovering the strategies employed by nonprofit leadership for (a) funding diversification and (b) converting income to cross-selling opportunities.

Thematic Finding 1: Funding Diversification

Nonprofit organization leaders can grow and diversify organizational revenue for financial sustainability by executing strategies to (a) create new income sources in their revenue mix and (b) ramp existing income sources in their revenue mix. I extracted this theme from the data analysis of my semistructured interviews, open informal interviews, and public and private documentary data. Such nonprofit leader strategies act to fund revenue growth and diversification by adding an entirely new source of income or leveraging an existing source of income to the benefit of the organization and its financial sustainability. The strategies and associated results are subsequently presented.

CO’s leadership executed strategies to grow and diversify organizational revenue for financial sustainability by creating a new income source in its revenue mix. Specifically, the organization’s leaders opened a new downtown cycling center to grow and diversify organizational revenue with cycling center membership fees. In 2019, CO's leadership sold cycling center memberships in the amount of $8,450.00, a new source of revenue for the company stemming from the anticipated opening of its new downtown cycling center and headquarters. CO’s leadership quickly created a significant new source of income to diversify and grow the organization’s revenue, which registered 10.98% of its revenue mix in 2019. Please see Table 12 for further quantification of the organization’s 2019 revenue mix.

Table 12
Revenue Mix: 2019

	2019	**%**
Donation income	14,651.44	19.04%
Grants income	44,000.00	57.19%
Bicycle sales income	6,469.12	8.41%
Membership sales income	8,450.00	10.98%
Uncategorized income	3,370.75	4.38%
Total	**76,941.31**	**100.00%**

2020 could have seen a continuation of or likely growth in sales for the new income source had CO's leadership been able to open the cycling center for business to the public completely; however, CO's leadership stopped selling memberships as shutdowns began related to the global pandemic caused by COVID-19. The organization's leadership did not make any additional cycling center membership sales in 2020 or 2021 because CO's leadership chose not to reopen the facility to the public as a membership-based cycling center as long as public restrictions and shutdowns existed and public safety concerns lingered from COVID-19. The organization's leaders did not produce financial data for 2018. Accordingly, I could not analyze the effects of this new source of income on the changes to revenue concentration and, thereby, revenue diversification year-over-year from 2018 to 2019. However, such expected effects from 2018 to 2019 can be imputed by analyzing the changes to revenue diversification from 2019 to 2020 when the organization's leaders stopped selling cycling center memberships in response to COVID-19. The lack of sales from this essential new income source in 2020 contributed to a significant increase in revenue concentration from 2019 to 2020, as seen in the increase in the organization's HHI from 3,840.40 to 5,133.57, which represents a 33.57% increase in revenue concentration year-over-year. Please see Table 13 for a summary of the quantification of the organization's revenue diversification and financial sustainability in 2020.

Table 13

Financial Sustainability and Revenue Diversification: 2019 and 2020

	2019	2020
Nonprofit financial sustainability (Bowman, 2011)		
Positive annual unrestricted net asset growth	n/a	-112.56%
Positive annual total asset growth	n/a	2.45%
Positive annual total asset growth minus long-term inflation rate 3.27%		-0.82%
Combined result of three financial tests (year over year)	n/a	Fail
Nonprofit revenue diversification		
HHI Index (a measure of concentration; Tuckman & Chang, 1991)	3,843.40	5,133.57
Increase (+) /decrease (-) in revenue concentration		33.57%
Result of financial test (year over year)	n/a	Fail

This increase in revenue concentration was associated with an overreliance on charitable contributions in the organization's revenue mix, resulting in the organization failing tests for nonprofit financial stability in 2020. Although this failure is not entirely attributable to the loss of the new income source of cycling center membership sales in 2020 due to COVID-19, it illustrates that this organization’s strategy to grow organizational revenue for financial stability by creating a new source of income proved to be an effective strategy, even if the economic effects of COVID-19 temporarily altered the experiment and associated results. CO’s leadership asserts strongly that its new cycling center membership income will continue to grow in importance to the organization as a source of revenue growth and diversification. As such, CO’s leadership thinks the facility will promote the organization’s financial sustainability.

CO’s leadership executed strategies to grow and diversify organizational revenue for financial sustainability by ramping an existing income source in its revenue mix.

Specifically, CO's leadership focused on increasing bicycle sales income in response to increased bicycle demand during COVID-19 and a shift in its operations to facilitating more bicycle sales directly through its customers instead of receiving an indirect donation of bicycle sales through a legacy for-profit partner. Although CO leadership's prompt for this new focus on bicycle sales surfaced from a desire to distance the organization from this strategic partner and dependence on charitable contributions as a significant source of revenue for the organization, this paradigm shift allowed the organization to ramp up its sales of bicycles significantly to meet this increase in demand for bicycles caused by COVID-19 effects. Please see the subsequent Table 14 for quantification of the ramping of bicycle sales income in terms of dollars, percentage of revenue mix, and year-over-year trends for the organization.

Table 14

Ramping Bicycle Sales Income: 2019 to 2021

Description	2019	2020	2021
Bicycle sales income	$ 6,469.12	$ 10,896.36	$ 54,998.84
Nominal dollar change year-over-year	n/a	$ 4,427.24	$ 44,102.48
Percentage of year-end revenue mix	8.41%	33.90%	43.19%
Year-over-year percentage growth	n/a	68.44%	404.75%
Two year percentage growth	n/a	n/a	750.17%

CO's leaderships focus on driving bicycle sales to more importance in the revenue mix of the organization, greater prominence in funding revenue growth and diversification, and improved financial sustainability proved to be a successful strategy for the organization and quite well timed to correlate with economic factors prompted from public health events.

The thematic findings of this study related to funding diversification by nonprofit organization leaders for financial sustainability by executing strategies to (a) create new income sources in their revenue mix and (b) ramp existing income sources in their revenue mix confirms peer-reviewed literature in the discipline presented in my Review of the Professional and Academic Literature regarding nonprofit organization leaders executing strategies to grow and diversify organizational revenue for financial sustainability. Tuckman and Chang (1991) agreed that nonprofit organizations with multiple revenue sources experience less financial vulnerability than organizations with fewer income sources. Chang and Tuckman (1994) asserted that multiple income sources strengthen nonprofit organizations' financial position, stability, and growth, and diversified revenue mixes are more prevalent than concentrated revenue mixes in solid nonprofit organizations. Froelich (1999) noted that strategies to increase nonprofit organization diversification of revenue mixes could reduce resource dependence on single income sources and help organizational autonomy by decreasing revenue uncertainty and resource scarcity. Greenlee and Trussel (2000) provided that nonprofit reliance on diversified revenue mixes increases financial stability and decreases financial vulnerability. Greenlee and Trussel (2000) also found that nonprofit organizations with multiple revenue streams experience less financial vulnerability than those with fewer revenue streams. Trussel (2002) asserted that nonprofit organizations improve financial stability with multiple revenue streams. Carroll and Stater (2009) found that diversification leads to more financial stability because organizations can rely on alternate revenue streams when one or more others decline. Frumkin and Keating (2011) observed that competition for funding urges nonprofit organization leaders to quickly build more sound financial bases by expanding their revenue sources. Teasdale et al. (2013) argued that revenue diversification and multiple sources of income allowed nonprofit organization leaders to survive financial shocks. Wicker et al. (2013) offered that revenue diversification leads to fewer financial crises and fiscal instabilities. Von Schnurbein and Fritz (2017) offered that extant literature on nonprofit organizations primarily supports revenue diversification, not revenue concentration, due to its effects on organizational financial stability and growth.

Additionally, Jordan et al. (2017) found that revenue diversification potentially reduces the size and occurrence of nonprofit revenue volatility, supporting the argument that diversified nonprofit revenue mixes are as stable and predictable. Daniel and Kim (2018) found that revenue diversification could decrease financial vulnerability and increase organizational sustainability by broadening income bases. Zhu et al. (2018) asserted that revenue diversification is a strategic choice for nonprofit organization leaders to generate income from various revenue sources. Shon et al. (2019) found that nonprofit organization leaders must rely on various income sources in their revenue mixes because depending on single revenue sources whose inadequacies could lead to mission shortfalls and noted that nonprofit organization leaders had begun to shrink their dependencies on single sources of income. Hung and Hager (2019) asserted that nonprofit revenue diversification could increase income stability and growth, noting that efforts to diversify nonprofit revenue can endow greater revenue mix flexibility. Denison et al. (2019) observed that nonprofit organizations' leaders could grow their revenues by increasing the quantities or the dollar amounts of income in their revenue mixes, growing their revenues to support and expand their operations, and expanding entrepreneurialism in growing their revenues while sustaining financial stability and sustainability. Searing (2021) discovered that diversifying nonprofit organizations' revenues could also improve the chances of a nonprofit organization recovering from financial stress. The extant research of many nonprofit organization scholars supports the beneficial effects of revenue diversification on financial capacity and sustainability.

Lastly, this finding ties to the conceptual framework of BPT because the revenue mix choices of nonprofit organization leaders are similar to the portfolio selection choices of investors because they invest in specific service offerings and associated revenue mixes just as investors select holdings for their investment portfolios. Also, nonprofit organization leaders weigh more than financial risk and return measures in their revenue mix selections because nonprofit organizations exist to realize their missions. Therefore, the application of BPT by the leaders of nonprofit organizations in administering their organizations' revenue mixes can be more proper than the other portfolio theories of finance, such as modern portfolio theory (mean-variance portfolio theory), because BPT does not limit investment choices to deliberations on risk and return and, instead, employ individual decision factors from beliefs, behaviors, and perceptions (Chang et al., 2018). Also, nonprofit organization leaders can use BPT for administering their revenue mixes because they must make decisions about revenue diversification similar to BPT investors.

After all, traditional portfolio theories require more than 300 different holdings to diversify properly (Statman, 2004), and it would be impossible for nonprofit organization leaders to assemble 300 diverse sources of income in their organizations' revenue mixes. BPT approaches can solve this diversification puzzle for nonprofit organization leaders because BPT investors do not optimize their portfolios with specific numbers of holdings. Instead, BPT-MA investors consider their portfolios as collections of subportfolios separated by mental accounting, unique aspirations, and loss constraints (Das et al., 2010) that they optimize with chosen and preferred risk levels to maximize their expressive, emotional, and utilitarian benefits (Leković, 2019). For these rationales, nonprofit organization leaders seeking revenue growth and financial sustainability can apply BPT to revenue mix management to better their organizations.

In summation, my findings, extant literature in the discipline in my Review of the Professional and Academic Literature, and new extant research in the discipline published since I wrote my proposal confirm that nonprofit organization leaders execute strategies to grow and diversify organizational revenue for financial sustainability by (a) creating new income sources in their revenue mix and (b) ramping existing income sources in their revenue mix. I extracted this theme from the data analysis of my semistructured interviews, open informal interviews, and public and private documentary data. Specifically, CO’s leadership enacted a successful strategy to create a new income source in its revenue mix, cycling center membership sales, and ramp an existing income source in its revenue mix, used bicycle sales. I confirmed this theme with my scholarly research through extant literature before and after my proposal. For example, a great deal of extant research on nonprofit revenue diversification, revenue stability, revenue volatility, and financial sustainability from Tuckman and Chang (1991) through Searing (2021) advocate for the benefits of diversification in nonprofit revenue mixes. I confirmed this theme with my conceptual framework of BPT and the behaviors expected of nonprofit organization leaders concerning revenue choices as BPT investors. For instance, CO's leadership made repeated decisions that would align with the investment decisions of BPT investors, including, without limitation, the pursuit of new income sources for reasons other than balancing expected risk with return and pursuing diversification as best they can with limited numbers of income source diversification options. Therefore, my findings, extant literature in the discipline in my Review of the Professional and Academic Literature, and new extant research in the discipline published since I wrote my proposal confirm CO's leadership executed strategies to grow and diversify organizational revenue for financial sustainability by creating a new income source in its revenue mix in compliance with much extant research and expected BPT behaviors.

Thematic Finding 2: Converting Income to Cross-Selling Opportunities

Nonprofit organization leaders can grow and diversify organizational revenue for financial sustainability by executing strategies to convert existing income source customer bases into cross-selling opportunities for other income sources. I extracted this theme from the data analysis of my semistructured interviews, open informal interviews, and public and private documentary data. Such nonprofit leader strategies act to fund revenue growth and diversification by leveraging existing customer bases into new or renewed opportunities for servicing and earning more income from the same customers. CO's leadership executed strategies to grow and diversify organizational revenue for financial sustainability by converting existing income source customer bases into cross-selling opportunities for other income sources, including charitable contributions. Specifically, CO leadership pursued a few examples of this strategy during the period under study. For example, the organization's leadership established several one-off and recurring bicycle repair and related workshops with the mutual goals of better educating and empowering new and existing bicyclists while cross-selling used bicycles and parts sales and charitable contributions. Many of these workshops are hands-on opportunities for teaching customers how to work on their bikes, which often results in bicycle and parts purchases and charitable donations upon attending the workshops. CO's leadership did not report specific metrics of performance on the success of this strategy except experientially to concur.

Another example of such cross-selling opportunities surfaced with the selling cycling center memberships in 2019 to many of its existing customers for usage when the organization's new downtown cycling center opened. Although COVID-19 paused the continuation of such cross-selling opportunities to customers for cycling center memberships into 2020 and 2021, In Table 12, I depict that the organization made significant sales of memberships to customers in 2019. Although the organization did not track or report the percentage of such membership sales to new or existing customers, CO's leadership asserted that many membership sales came from existing and new customers. Likewise, CO's leadership asserted that the intention of choosing to lease and open the downtown cycling center was to prepare themselves for the opportunity to boost their revenues and financial sustainability by cross-selling their other goods and services to those who purchased memberships for the cycling center. In fact, much of the decision-making around whether or not to lease the new center, which leadership viewed as operationally costly and somewhat risky, even with the subsidized rent, pointed to the lease as a break-even proposition that would only make sense if they could cross-sell their other services to its cycling center members. Although COVID-19 impacted the ability of this strategic decision to open the cycling center for expanding customers and cross-selling opportunities, CO's leadership is confident that the location of the new center and its downtown proximity and demographics has and will continue to enable such cross-selling activities. For example, in Table 15, I depict the trend in total revenue from all sources from 2019 to 2021, which shows that CO's leaderships efforts resulted in total revenues that were 65.50 percent greater than they were in 2019 before the move to the downtown cycling center even though 2020 with COVID-19 impacts produced a rough year financially for the organization.

Table 15

Total Revenue from All Income Sources: 2019 to 2021

Description	2019	2020	2021
Total revenue from all sources	$ 76,941.31	$ 32,141.08	$ 127,334.07
Nominal dollar change year-over-year	n/a	$ (44,800.23)	$ 50,392.76
Year-over-year percentage growth	n/a	-58.23%	296.17%
Two year percentage growth	n/a	n/a	65.50%

The thematic finding of this study related to nonprofit organization leaders converting existing income to cross-selling opportunities for financial sustainability is new knowledge from this research study and did not confirm or disconfirm any peer-reviewed knowledge in the discipline presented in my Review of the Professional and Academic Literature regarding nonprofit organization leaders. This finding is new scholarship because I could not find evidence of similar themes in extant peer-reviewed knowledge in the discipline published before or after I wrote my proposal. There is little work on cross-selling at non-501(c)(3) organizations; however, I did not find this research topic in a contemporaneous search of extant research.

The thematic finding of this study related to nonprofit organization leaders converting existing income to cross-selling opportunities for financial sustainability ties to the conceptual framework of BPT. Precisely, nonprofit leaders execute strategies to grow and diversify organizational revenue for financial sustainability by converting income source customer bases into cross-selling opportunities for other income sources and charitable contributions without regard to the covariances or linkages across those different customer bases and income sources. Likewise, BPT investors select portfolios as pyramidal combinations of sub-portfolios of holdings sorted by mental accounts according to low and high aspiration levels without regard to covariance (Shefrin & Statman, 2000). BPT-MA investors also optimize their sub-portfolios of mental accounts and risk attitudes rather than their aggregate portfolios (Leković, 2019). BPT-MA investors consider their portfolios as collections of subportfolios separated by mental accounting with unique aspirations and loss constraints (Das et al., 2010), just as nonprofit organization leaders would as they sought to extract more resources from the same customers or income sources. Interestingly, these strategies of nonprofit organization leaders could work to increase the covariances of nonprofit revenue mix income source constituents when such strategies are successful, which MPT scholars and investor practitioners would assert are in exact juxtaposition to the tenets of investment selection.

In summation, I confirm my findings that nonprofit organization leaders execute strategies to grow and diversify organizational revenue for financial sustainability by executing strategies to convert existing income source customer bases into cross-selling opportunities for other income sources. I found this theme in the data analysis of my semistructured interviews, open informal interviews, and public and private documentary data. Specifically, CO’s leadership enacted successful strategies to cross-sell into its existing customer bases across income sources. The thematic finding of this study related to nonprofit organization leaders converting existing income to cross-selling opportunities for financial sustainability is new knowledge from this research study. It could not be confirmed or disconfirmed in any peer-reviewed knowledge in the discipline presented in my review of the professional and academic literature regarding nonprofit organization leaders or other extant peer-reviewed knowledge published before or after I wrote my proposal. I confirmed this thematic finding with my conceptual framework of BPT and the behaviors expected of nonprofit organization leaders who do not think about covariances or linkages across their different customer bases and income sources as they cross-sell into them and construct portfolios of income sources into pyramidal layers of portfolios and sub-portfolios without regard for covariance. Therefore, my findings could be significant for nonprofit practitioners, extant literature in the discipline, and confirmation of BPT in a new application to nonprofit finance and leadership.

Product and Process Results

In this section, I present CO leadership's product and process results by focusing on product performance and process effectiveness results; product and customer service process results; product and process effectiveness and efficiency results; safety and emergency preparedness results; and supply network management results.

Product Performance and Process Effectiveness Results

CO's leadership summarized its perspectives on product performance and process effectiveness results in terms of its vision and mission statements. CO's leaders think that the organization's products and services result in its customers and community having and using bicycles in the course and scope of their lives and having opportunities to improve the comfort and safety and their knowledge of their bicycles, which has the effects of making bicycling more accessible and pleasurable to all. The organization's leaders are keenly aware that they make it possible for users who might not have financial and experiential means to afford or use bicycles as a mode of transportation. Also, CO's leadership believes that its cycling membership center expands the possibilities of a bicycling lifestyle by enabling a more comfortable commute and serious commuter option, given that its facilities provide daily bicycle storage, showers, and other amenities in its downtown metropolitan setting. CO Leadership's viewpoints on product performance and process effectiveness align with its vision and mission statements, which aim to improve its stakeholders and community.

Product and Customer Service Process Results

CO’s leadership aims for product and customer service process results that keep its customers, donors, strategic partners, and other stakeholders engaged with the organization as a bicycling center and public charity. Furthermore, the organization’s leaders desire for these same constituents to have a positive experience when dealing with the organization, spending and donating more time, money, and resources. Lastly, CO’s leadership believes in getting individuals in the door for one product or service and expanding them into recurring users of the same or other products and services. For example, CO’s leaders see a correlation between customers who seek tune-ups branching into instructional course enrollment and participation. They added that such introductions form a basis for expanding customers into volunteering or donating resources. Therefore, CO’s leadership is aware of, and incredibly strategic about, the results of its product and customer services being beneficial to its community and long-term success.

Product and Process Effectiveness and Efficiency Results

CO’s leadership measures its product and process effectiveness and efficiency by positive and negative outcomes. Positive outcomes represent effective and efficient product and service delivery with sufficient quality that requires no corrections and leads to repeat business and happy customer referrals. Negative outcomes represent inefficient or ineffective product and service delivery of insufficient quality to prevent corrections and negative customer feedback and complaints. CO’s leaders support its product and process effectiveness and efficiency results by managing positive and negative outcomes.

Safety and Emergency Preparedness Results

CO’s leadership acknowledges that its safety and emergency preparedness results are positive only because they have not faced a dangerous situation or emergency. Otherwise, the organization’s leaders acknowledge that they have been lucky not to have faced significant safety or emergencies because they have not prepared for such situations. CO’s leaders support strengthening safety and emergency preparedness so that when they face dangerous situations, they and their staff can deal effectively with them.

Supply Network Management Results

CO’s leadership states that it has positive results from its supply network management. Specifically, leadership noted that such results are that they can source parts and other necessities at a price and speed that is in line with or exceeds customer expectations. CO’s leadership is transparent about pricing and marks-up parts costs by approximately 100 percent for reselling to their customers. CO’s leadership can ship most parts and related necessities within 24 hours of ordering them. If they did not have such supply chain shipping results, then they could not effectively perform the services that their customers demand timely. However, some global supply chain issues have recently delayed the shipment of some critical parts, which effectively interferes with the results of its supply chain and its role as inputs into its overarching product and service offerings. Given these global supply realities, CO leadership believes that it still has extremely positive results from managing its supply network and associated results.

Customer Results

In this section, I present CO leadership's customer results by highlighting customer satisfaction and dissatisfaction results and customer engagement results.

Customer Satisfaction and Dissatisfaction Results

CO's leadership reported significantly more positive results regarding customer satisfaction than dissatisfaction. CO's leaders gauge customer satisfaction by positive feedback and praise related to their products or services consumed, repeat business, expansion into new services, referrals, and deeper dives into and direct involvement in the cycling center's community. CO's leadership measures customer dissatisfaction by negative feedback and complaints about the goods or services they consume, product and service returns, and lost regular customers. Please see Table 16 for the categorization of customer results. Although CO's leadership does not have any quantitative measures of customer satisfaction and dissatisfaction, they think their qualitative assessment of more positive than negative customer results is objective due to the growth they have seen in their business, products, and service offerings.

Table 16

Customer Satisfaction and Dissatisfaction Measures

Measures	Satisfaction	Dissatisfaction
Customer feedback on products and services	X	x
Repeat customer business	X	
Customer expansion into other products and services	X	
Customer referrals	X	
Deeper involvement in the cycling center community	X	
Product and service returns		x
Lost customers		x

Customer Engagement Results

CO's leadership measures customer engagement with positive or negative results. The organization's leaders describe customer engagement results as customers speaking graciously about the organization or its products and services, repeating business with the organization, referring new customers to the organization, becoming deeper involved in the cycling center community, and trying additional products or services. CO's leadership describes customer disengagement results as customers talking negatively about the organization or its products or services and ending their business relationship with the organization. The organization's leaders are aware that some of the advocacy work they choose to do might be off-putting to specific segments of the bicycling community, so they have learned to filter negative engagement results for their service from broader criticisms about their advocacy, particularly on social media venues. CO's leaders described their customer engagement results in metrics similar to their customer satisfaction and dissatisfaction results metrics. The organization's small size fosters such an overlap in the two areas of results. Please see the following table for the categorization of these customer results. Although CO's leaders do not have any quantitative measures of customer engagement or disengagement to report, they think a qualitative assessment evinces more customer engagement than disengagement.

Table 17

Customer Engagement and Disengagement Measures

Measures	Engagement	Disengagement
Customer feedback on the organization	x	x
Customer feedback on products and services	x	x
Repeat customer business	x	
Customer referrals	x	
Deeper involvement in the cycling center community	x	
Customer expansion into other products and services	x	
Lost customers		x

Workforce Results

In this section, I present CO leadership's workforce-focused performance results by describing the organization's workforce capability and capacity results, workforce climate and engagement results, and workforce and leader development results.

Workforce Capability and Capacity Results

CO's leadership gauges its workforce capability and capacity results by having the workforce morale, skills, and tools needed to deliver its products and services promptly and accurately. CO's leadership opined that an inability to deliver upon these tenants is surprisingly common in bicycle shops. Lacking workforce capability and capacity manifests itself in extended cycle times of product and service delivery or repairs because the organization did not have the workforce knowledge and skills, proper tools, or inventory to deliver goods or services efficiently and effectively. CO's leadership expressed that recent struggles to elevate the pay and the benefits of its employees have and should continue to help the organization improve its workforce capability and capacity. Although the organization's leaders do not track data on workforce capability and capacity results, it thinks it has enough workforce capability and capacity to keep its customers happy, returning, and referring others to their business.

Workforce Climate and Engagement Results

CO's leadership gauges its workforce climate and engagement results by the happiness and morale of its employed or voluntary workforce. Specifically, positive workforce climate and engagement results mean that staff and volunteers are happy, coming in on time and when scheduled, and interacting with and engaging the customers and cycle center's community. Please see Table 18. Negative workforce climate and engagement results mean that staff and volunteers are unhappy to be at the cycling center, display issues with work morale and tardiness, show signs of burnout or frustration, are slower to perform tasks, and are less interactive or engaging with the customers or bicycle center's community. The organization's leaders do not track hard data on workforce climate results; however, they report that the workforce climate results are good enough to allow them to keep customers happy and minimize service queues and complaints.

Table 18

Workforce Climate and Engagement Results

Measures	Positive	Negative
Workforce happiness	Happy	Unhappy
Workforce schedule adherence	Adhering	Not adhering
Workforce morale	Interactive, engaging	Burnt-out, frustrated
Workforce output	timely, accurate	Slow, inaccurate

Workforce and Leader Development Results

CO's leadership expressed concern that the organization does not participate very actively in developing its workforce or its leadership. The organization's leaders do not have specific results metrics or success or failure in the workforce and leader development results. CO's leaders noted that the onus of workforce and leadership development has traditionally fallen to individuals to solve for themselves without much intervention from the organization's leaders or administrators. CO's leadership expressed a desire to build out the organization's capacity to better develop its workforce and leaders and develop metrics for measuring the same.

Leadership and Governance Results

In this section, I present the organization's leadership and governance results by highlighting senior leaders' communication and engagement results, governance accountability results, legal and regulatory results, ethical behavior results, and societal well-being and key community support results.

Senior Leaders' Communication and Engagement Results

CO's leadership assessed its communication and engagement results as adequate with room for improvement. Senior leaders communicate in person and by telephone, teleconference, or email. Senior leaders participate in all necessary actions or considerations of the organization, including, without limitation, planning events and work activities, participating in events and work activities, responding to customers and other stakeholders, and offering guidance for rudimentary and sensitive issues. CO's leaders stated that staff and leaders feel engaged and supported when communication and engagement work well. However, CO’s leaders offered that staff and leaders do not feel engaged when communications are not working correctly or feel ignored. Effective communication and engagement are when senior leaders ask questions, get involved in work and projects, and act accountable for their roles. The signs of poor engagement are when senior leaders do not involve themselves in processes, ask questions, and perform their fundamental accountability roles. CO’s leadership candidly noted that the organization's structures have not recently supported or promoted functional communication and engagement.

Governance Accountability Results

CO’s leadership characterized its governance accountability results similarly to its senior leaders’ engagement results. Specifically, the organization’s leadership noted a direct relationship between leadership engagement results and governance accountability results. For example, governance accountability strengthens when leadership engagement is strong, and governance accountability weakens when leadership engagement is weak. The signs of governance accountability are when leaders ask questions, get involved in work and projects, and serve the purpose of their roles. The signs of poor governance accountability are when senior leaders do not involve themselves in the organization or its administration, ask questions proactively, and perform their expected accountability roles. Essentially, they let things coast without interventions instead of driving the organization strategically and managerially. Some legacy issues with governance accountability stem from the previous executive director and board member who significantly gated other leaders’ participation in governance and practice of governance accountability. Current leadership works to improve leadership governance accountability, moving away from previous leadership mentalities and tenures and engaging leadership participation and ownership of governance results.

Legal and Regulatory Results

CO's leadership stated that its recent legal and regulatory results are much stronger than past ones. Unfortunately, current leadership characterized previous leadership as unconcerned with legal and regulatory compliance unless it convinced them or their agenda. Presently, the organization's leaders have filed the required state and federal nonprofit paperwork and come back into compliance with payroll tax citations and violations. However, CO's leadership does not have a record of when or if it filed all federal and state nonprofit filing requirements, including IRS 990s, for the past 5 years or so. CO's leaders have never conducted a financial audit or audit of its inventory, which is material in quantity and valuation. CO's leadership, however, is proud of its response to the legal and regulatory requirements that emerged from COVID-19 and the protection of public health. It was able to comply with all such regulations, local or otherwise. Lastly, current leadership championed this move to transparency and compliance with legal and regulatory requirements to achieve a much better result than with past leadership regimes. CO's leadership opined that although they have made progress in this area of organizational results, they still have a way to go to have complete and utter confidence in their compliance with and performance of legal and regulatory aims.

Ethical Behavior Results

CO's leadership assessed its current ethical behavior results as stronger than ever. As things have improved ethically, CO's leadership believes that its community and other stakeholders have noticed. For example, the organization's leaders and staff have better fulfilled their obligation regarding bike tune-ups, sales, and overall product and service quality. Moreover, they think that they have improved upon their obligations to their community in terms of their central work as a charitable organization and serving their mission and vision of aiding help put bicycle transportation into their lives. Unfortunately, current leadership asserted that the organization still faces roadblocks and hurdles caused by previous unethical actions of now-gone leaderships regarding public and peer nonprofit perceptions, co-branding and co-service opportunities, and general avoidance of charitable giving to the organization by many individuals. CO's leadership has positively chosen to engage this process, defend its current practices, engage its community, and restore trust in the organization. It is through such actions that CO's leadership hopes to improve the results of its improved ethical behaviors.

Societal Well-Being and Key Community Support Results

CO's leadership places societal well-being and community support results concentric to its vision, mission, goals, and operations. The organization's leaders noted that their community does many things to support and expand bicycling incentives to the public. It allows for some leverage in the organization's assistance with societal well-being and community support. The organization's leadership did not seek to take credit for the broadening circle of bicyclists in their community. However, it did note that it participated in the growth, particularly in the segment of underserved populations, including, without limitation, unhoused people, people of color, and migrants. CO’s leadership believes that one can see the organization’s benefits in society and the community when it functions properly. In juxtaposition, when the organization's leaders and staff are not performing at their best, one sees more people hesitant to cycle, especially in the underserved populations, and a decrease in local bicycling activism, including, without limitation, roadway deaths of cyclists and other public safety issues. CO’s leadership acknowledges that it sees positive results for societal well-being and community support related to the organization’s work; however, it is almost impossible to quantify for a community its size or an organization its size. Accordingly, they view these results more qualitatively, giving themselves a thumbs-up or thumbs-down as they watch trends and news unfold.

Financial, Market, and Organizational Strategy Results

In this section, I present CO leadership’s financial, market, and organizational strategy results by reviewing the organization’s financial performance and marketplace and strategic action plan performance results.

Financial Performance Results

CO’s leadership expressed concerns that gauging financial performance has been inadequate and complicated for the organization. Specifically, the organization’s leaders have not consistently presented monthly financial reports to the board of directors or other stakeholders. Such deficiencies concern CO’s leadership because they face recurring worries of not knowing if they have sufficient resources to carry the organization through entire operating years and bicycling off-seasons. Moreover, the leadership does not know where it stands financially from one month or year to the next. CO's current leadership has pressured the organization's board of directors, staff, and outsourced contractors to make a standard financial close and reporting part of the organization's board meetings. Also, CO's leadership had not enforced annual budgeting processes and requirements until 2022, when its leadership created its first annual operating budget. The organization's leaders expressed the importance of producing a budget for 2022 because it had the best year of financial growth and performance in its history. Lastly, the organization's leaders have never procured an annual financial or inventory audit. They recognized the importance of audit functions for fulfilling non-profit organizations' legal and ethical requirements, especially in the face of recent organizational financial growth. However, CO's leadership had not gained the momentum to make audits a recurring event. It is through such expressed concerns that CO's leadership aims to distance itself from less satisfactory financial practices into new regimes of properly closed monthly and annual financial reports, annual budgets approved and adopted by its board of directors, and annual financial audits to ensure that the organization and its mission and stakeholders receive protection.

CO's leadership gauges its financial performance results satisfactorily when it has enough revenues to support its services, pay its expenses, and potentially expand its operations, products, and services into the future; adequate cash on hand; sufficient cash reserves; and minimal debt or other liabilities. Please see Table 19 for a summary of the organization's revenue mix by income source from 2019 to 2021. The organization's current leaders could not produce prior periods of financial information due to the organization's size and corporate governance changes.

Table 19

Revenue Mix by Source: 2019–2021

	2019	%	2020	%	2021	%
Charitable contributions	$14,651.44	19.04%	$20,264.02	63.05%	$ 27,302.89	21.44%
Grants	$44,000.00	57.19%	$ 980.70	3.05%	$ 42,620.34	33.47%
Bicycle and associated sales	$ 6,469.12	8.41%	$10,896.36	33.90%	$ 54,998.84	43.19%
Membership sales	$ 8,450.00	10.98%	$ -	0.00%	$ -	0.00%
Uncategorized	$ 3,370.75	4.38%	$ -	0.00%	$ 2,412.00	1.89%
Total	$76,941.31	100.00%	$32,141.08	100.00%	$127,334.07	100.00%

The organization’s revenue mix composure changed significantly from 2019 to 2021, with bicycles and associated sales taking over as the organization’s primary income source. CO’s leadership could not open the cycling center in 2020 as planned because of COVID-19; otherwise, they think that membership sales would have played a more critical role in the organization’s revenue mix, which they had planned for regarding their expansion to the new center and headquarters. However, CO’s leadership believed that bicycle and associated sales dominated their revenue mix because of their new cycling center location compared to previous years.

Please see Table 20 for a summary of the organization's annual revenues, expenses, and changes in net assets from 2019 to 2021. The organization’s current leaders could not produce prior periods of financial information due to the organization's size and corporate governance changes.

Table 20

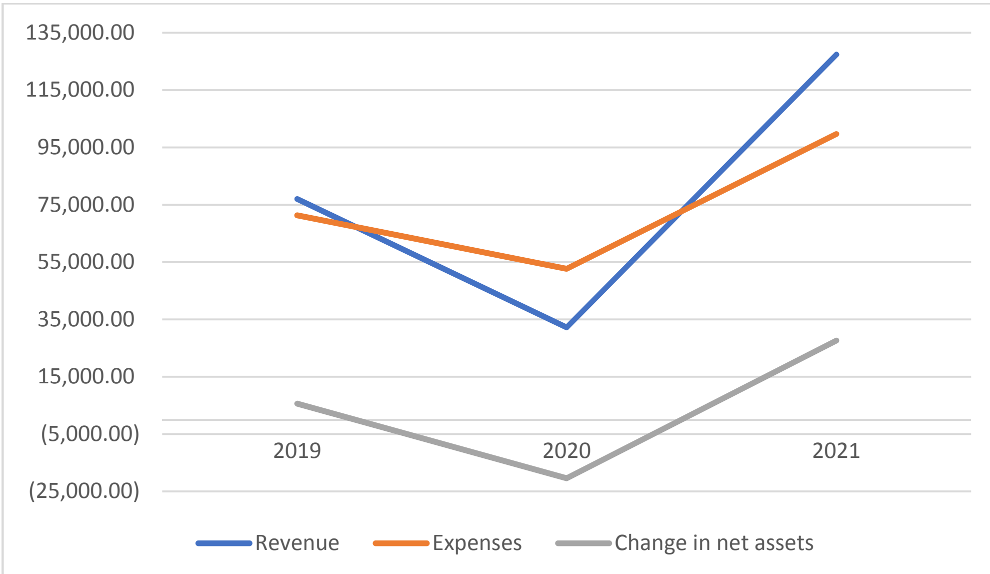
Annual Revenue, Expenses, and Change in Net Assets: 2019–2021

	2019	%	2020	%	2021	%
Revenue	$76,941.31	100.00%	$ 32,141.08	100.00%	$127,334.07	100.00%
Expenses	$71,301.26	92.67%	$ 52,581.75	163.60%	$ 99,695.84	78.29%
Change in net assets	$ 5,640.05	7.33%	$(20,440.67)	-63.60%	$ 27,638.23	21.71%

Please see Figure 4 for a chart of the organization's annual revenues, expenses, and changes in net assets from 2019 to 2021. The organization's revenues increased significantly between 2019 and 2021 after suffering a decline in response to COVID-19 in 2020. CO's expenses increased significantly between 2019 and 2021; however, as a percentage of revenue, expenses take a less proportionate share of revenues than in 2019. Significantly, the change in net assets between 2019 increased in terms of dollars and percentage of revenues, highlighting the organization's improved overall financial position through the trying years of COVID-19. CO's leaders felt confident that they created enough revenue to support their services, cover their expenses, and foot expansion of its operations, products, and services.

Figure 4

Chart of Annual Revenue, Expenses, and Changes in Net Assets: 2019–21



Please see Table 21 for a summary of the organization's annual statements of financial position from 2019 to 2021, which includes the critical metrics for measuring organizational assets, liabilities, and net assets, and gauges CO leadership's desires for adequate cash on hand, sufficient cash reserves, and minimal debt or other liabilities. The organization's current leaders could not produce prior periods of financial information due to the organization's size and corporate governance changes.

Table 21

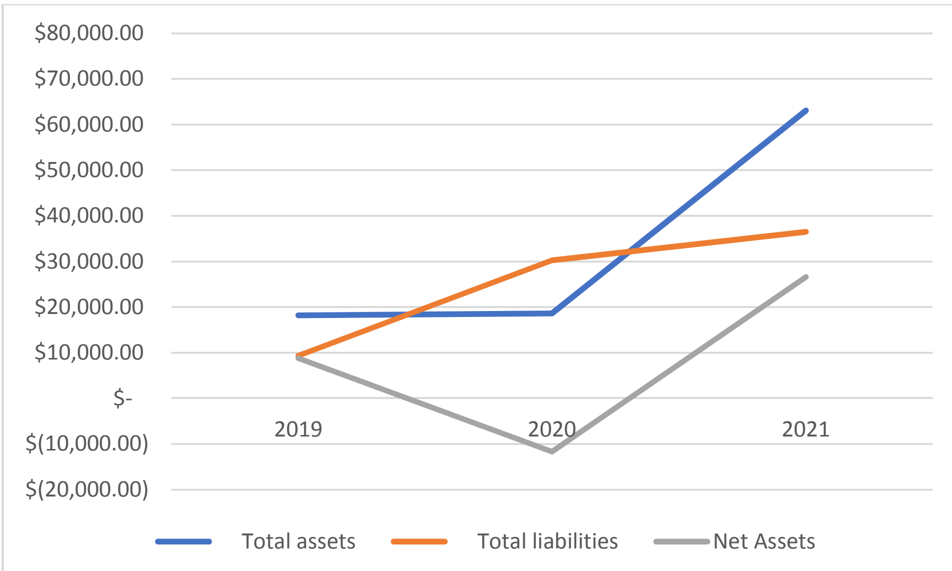
Statement of Annual Financial Position Summary: 2019–2021

	2019	2020	2021
Assets			
Current assets	$ 18,034.74	$ 18,401.19	$ 45,776.55
Fixed assets	$ 124.64	$ 203.64	$ 17,326.00
Total assets	$ 18,159.38	$ 18,604.83	$ 63,102.55
Liabilities			
Current liabilities	$ 6,976.95	$ 17,863.07	$ 24,812.70
Long-term liabilities	$ 2,407.50	$ 12,407.50	$ 11,657.50
Total liabilities	$ 9,384.45	$ 30,270.57	$ 36,470.20
Net assets	$ 8,774.93	$ (11,665.74)	$ 26,632.35
Total liabilities and net assets	$ 18,159.38	$ 18,604.83	$ 63,102.55

CO's leadership significantly increased the organization's assets between 2019 and 2021. However, the organization also increased its total liabilities to levels its leaders were uncomfortable with in those same years. CO's leadership, however, resolved that it would pay down its liability position in the future, which came at a time when the organization expanded into a new facility that they could not open as scheduled due to COVID-19. The fact that CO's leaders could grow net assets between 2019 and 2021 as a partial offset to the increase in liabilities satisfied them enough to offset their general disregard for being indebted to lenders. Overall, the organization's leaders think that their strategies for improving financial stability through revenue growth and financial sustainability have improved the organization's financial health and well-being and delivered them through the COVID-19 global pandemic and associated economic turmoil. Please see Figure 5 for a chart of the organization's annual statements of financial position from 2019 to 2021.

Figure 5

Chart of Annual Financial Position Key Items: 2019–2021



Although organizational leaders expressed concern over the increased liabilities between 2019 and 2021, the organization proves sound when measured by traditional liquidity and solvency measures. Please see Table 22 for a depiction of the organization's essential liquidity and solvency measures for 2019 to 2021. The organization’s current leaders could not produce prior periods of financial information due to the organization's size and corporate governance changes.

Table 22

Critical Liquidity and Solvency Measures

	2019	2020	2021
Liquidity			
Current ratio	2.58	1.03	1.84
Solvency			
Debt to net assets	1.07	(2.59)	1.37

Between 2019 and 2021, the organization's liquidity, as measured by its current ratio (current assets divided by current liabilities), decreased from 2.58 to 1.84. However, the organization has excellent liquidity, given that its current assets can service its current liabilities 1.84 times. Between 2019 and 2021, the organization's solvency, as measured by its debt-to-net assets ratio (total liabilities divided by its net assets), decreased from 1.07 to 1.37 after recovering from a significant and scary decline into insolvency during 2020 as the organization's leaders faced shutdown and regulatory responses to COVID-19. The organization remained solvent at the end of 2022. However, its debt levels are 1.37 times its net asset levels, meaning that the organization's leaders could have trouble servicing its debt over the long term and remaining in business if it does not continue to improve its financial position in the wake of COVID-19 and a return to more normalcy in its operations and economic environment.

Please see Table 23 for a summary of the organization's end-of-year cash positions from 2019 to 2021. The organization's cash position improved significantly between 2019 and 2021, holding steady during COVID-19 and CO's leaders' responses.

The organization’s current leaders could not produce prior periods of financial information due to the organization's size and corporate governance changes.

Table 23

End-of-Year Cash Position: 2019–2021

	2019	2020	2021
Cash	$ 968.74	$ 10,948.35	$ 23,715.08

Please see Table 24 for a depiction of the quantifiable financial result metrics from 2019 to 2022 for CO, as described in Section 1’s Operational Definitions, which I gleaned from the Research Topic: Nonprofit Organization Finance in Section 1’s Review of the Professional and Academic Literature. These defined financial metrics included nonprofit financial capacity, nonprofit financial sustainability, and nonprofit revenue diversification. I excluded nonprofit financial stability because of its subjective nature of measurement. I also excluded nonprofit revenue growth because I did not have 6 years of revenue data from CO in line with the Denison et al. (2019) definition of revenue growth. Lastly, please see the Operational Definition section of this Study for precise definitions of these financial performance metrics.

Table 24

Defined Financial Result Metrics: 2019–2021

	2019	2020	2021
Nonprofit financial capacity (Bowman, 2011)			
Positive annual unrestricted net asset growth	n/a	-113%	206%
Positive annual total asset growth	n/a	2.45%	239.17%
Combined result of the two financial tests (year over year)	n/a	Fail	Pass
Nonprofit financial sustainability (Bowman, 2011)			
Positive annual unrestricted net asset growth	n/a	-113%	206%
Positive annual total asset growth	n/a	2.45%	239.17%
Positive annual total asset growth minus long-term inflation rate 3.27%		-0.82%	235.90%
Combined result of three financial tests (year over year)	n/a	Fail	Pass
Nonprofit revenue diversification			
HHI Index (a measure of concentration; Tuckman & Chang, 1991)	3,843.40	5,133.57	3,449.27
Increase (+) /decrease (-) in revenue concentration		33.57%	-32.81%
Result of financial test (year over year)	n/a	Fail	Pass

Note. Long-term inflation rate cited in US Inflation Rate (2022, November)

In summation, CO’s leadership gauged its financial performance results satisfactorily in this study because it had enough revenues to support its services, pay its expenses, and potentially expand its operations, products, and services into the future; adequate cash on hand; sufficient cash reserves; and minimal debt or other liabilities. However, CO’s leadership expressed plans to pay down and reduce its liabilities over the long term because they do not like the presence of debt and financial leverage in their business operations, mainly because of the seasonal nature of many of its operations. CO also performed satisfactorily for the year 2021 in the measures of nonprofit financial capacity, as defined by Bowman (2011); nonprofit financial sustainability, as defined by

Bowman (2011); and nonprofit revenue diversification, as calculated by Tuckman and Chang (1991).

Marketplace and Strategic Action Plan Performance Results

CO's leadership weighs its marketplace and strategic action plan results on project-by-project and process-by-process bases. It does not have explicit quantitative targets for understandings of same. The organization's leadership does not track specific marketplace performance results. However, it recognizes the importance of tracking such results in the future. CO's leaders believe that marketplace success brings customers into their cycling center and builds a vibrant community of people who care about bikes and are interested in learning more about how they work and supporting others through that learning process. CO's leaders also believe that market success garners the support of other nonprofit organizations, particularly those in the bicycling marketplace or related spaces, which in turn expect and receive CO leadership's support. Lastly, CO's leadership opined that marketplace success makes them an authority on bicycling in their community, which should naturally lead to the local municipality continuing to include them in public-policy setting regarding bicycling in general and inner-city transportation. CO's leadership asserted that being taken seriously by their local municipal partner makes it easier for the organization to aim for and achieve lofty strategic action plans and steer transportation initiatives in their city and the broader community.

CO's leadership began recognizing the need to diversify its revenue sources away from charitable contributions. This strategic movement gained momentum in 2019 when CO's leaders pursued leasing from and operating a downtown cycling center for the local municipality. Leadership sought to use this strategic action to grow its revenue mix beyond a historical preponderance of charitable contributions by one prominent donor to an expanded donor base; introduce the new income source of membership sales to its revenue mix; and create cross-selling opportunities for its legacy customers and new cycling center members. The new cycling center increased traffic count by and to its headquarters and, therefore, introduced the organization to new customers from different demographics and markets than the organization operated in the past. However, the organization's leaders do not have an objective measure of the ultimate success of their strategic marketplace and organization initiative, which was the most comprehensive, risky, and forward-looking strategic action plan in its history. They are fully aware that COVID-19 and associated governmental shutdowns and public health prescriptions impeded the success they would already have enjoyed. CO's leadership is hopeful in the promise that it made the correct marketplace move and strategic action when it moved to the new cycling center and away from its historical roots and leadership. Once the results are in and tallied, the organization's leaders would like to begin to explore growing and expanding its service offerings to new demographics, segments, and locations, which could include entertaining procuring a second location for business operations or storage, including a second cycling center of some sorts.

Key Themes

I found several key processes and results themes during my scholar consulting project using the 2019–2020 Baldrige Excellence Framework as I explored CO leadership's strategies to grow organization revenue for financial sustainability when charitable contributions could not fund their business operations.

I categorized the key process themes into process strengths and process opportunities for improvement by assessing CO's processes using the 2019–2020 Baldrige Excellence Framework's four process factors. Processes are the methodologies an organization employs and improves upon to perform its work (Baldrige Performance Excellence Program, 2019). The four 2019–2020 Baldrige Excellence Framework factors used to evaluate an organization's processes are approach, deployment, learning, and integration (ADLI; Baldrige Performance Excellence Program, 2019). The process factor of approach entails the methods, appropriateness, effectiveness, and repeatability of an organization's processes (Baldrige Performance Excellence Program, 2019). The process factor of deployment comprises the relevance, application consistency, and usability of all relevant work units of an organization's processes (Baldrige Performance Excellence Program, 2019). The process factor of learning gauges how well an organization refines, improves, innovates, and includes relevant work units in its processes (Baldrige Performance Excellence Program, 2019). The process factor of integration comprises how well an organization aligns its process approaches with its organization profile; compliments its process and work units to its measures, information, and improvement systems; and supports organizational goals with planning, processes, results, analyses, learning, and action (Baldrige Performance Excellence Program, 2019). These four process factors of the 2019–2020 Baldrige Excellence Framework helped understand an organization's key process strengths and weaknesses and were relevant for assessing CO.

I categorized the key results themes into result strengths and result opportunities for improvement by assessing CO's results using the 2019–2020 Baldrige Excellence Framework's four results factors. Results are an organization's achievements of outcomes and outputs (Baldrige Performance Excellence Program, 2019). The four 2019–2020 Baldrige Excellence Framework factors used to evaluate results are levels, trends, comparisons, and integration (LeTCI; Baldrige Performance Excellence Program, 2019). The results factor of levels measures an organization's current performance results on a meaningful scale of measurement (Baldrige Performance Excellence Program, 2019). The results factor of trends measures an organization's current rate of satisfactory performance continuation or performance improvement over time (Baldrige Performance Excellence Program, 2019). The results factor of comparisons measures an organization's performance relative to its competitors or benchmarks (Baldrige Performance Excellence Program, 2019). The results factor of integration measures the extent that an organization's results address the performance requirements of its customers, products, marketplaces, processes, plans of action, organizational goals, and organizational profile (Baldrige Performance Excellence Program, 2019). These four results factors of the 2019–2020 Baldrige Excellence Framework helped understand an organization's key process strengths and weaknesses and were relevant for assessing CO.

I further defined each key process strength, process opportunity for improvement, results strength, and results opportunity for improvement theme using four 2019–2020 Baldrige Excellence Framework factors for describing the maturity of an organization's processes and results. The four factors for describing the maturity of an organization's approach to its processes within the 2019–2020 Baldrige Excellence Framework's ADLI factors framework (approach, deployment, learning, and integration) or results within the LeTCI framework (levels, trends, comparisons, and integration) are: reactive, early systematic, mature, and role model approaches (Baldrige Performance Excellence Program, 2019). A reactive approach description would characterize an organization as driven by activities responding to events instead of processes aimed at goals (Baldrige Performance Excellence Program, 2019). An early systematic approach description would characterize an organization as beginning to approach its operations with processes aimed at goals rather than activities responding to events (Baldrige Performance Excellence Program, 2019). A mature approach description would characterize an organization as aligning its operational approaches with repeatable, coordinated processes aimed at goals rather than event response activities and consistently analyzing such processes for improvement (Baldrige Performance Excellence Program, 2019). A role model approach description would characterize an organization as one that always operates with repeatable processes that leadership regularly evaluates for improvement across applicable workforce units and seeks greater efficiencies, effectiveness, and key strategic and operational goal attainment tracking (Baldrige Performance Excellence Program, 2019). These four factors for assessing the maturity of an organization in line with the 2019–2020 Baldrige Excellence Framework provided a better understanding of CO's key process and results strengths and opportunities for improvement.

The subsequent paragraphs in this section summarize the key processes and results themes by segmenting them into process strengths, process opportunities, results strengths, and results opportunities.

Process Strengths

CO's leadership demonstrated two process strengths in its business operations: vision and values setting and communicating with and engaging its workforce, key partners, and customers. These two process strengths displayed by CO's leadership demonstrated organizational maturity and a strong command of complex and challenging processes essential to their business operations and stakeholders. Organizational success would be improbable without strength and maturity in both areas of business processes and associated operations.

Strength in Vision and Values Setting Process. CO's leadership demonstrated strength in its process of setting the organization's vision and values (Figure 2). In line with the expectations of the 2019–2020 Baldrige Excellence Framework, CO's leadership showed strength in its process of setting its vision and values by proactively collaborating, communicating, monitoring, and realigning the organization's vision and values in the context of its founding purposes and the changing needs of its customers, community, and other stakeholders. CO Leadership's approach factor in setting its vision and values registered strength through its methodology, appropriateness, effectiveness, and repeatability. CO leadership's deployment factor to setting its vision and values signaled strength by comprising relevance, application consistency, and usability across all relevant work units. CO leadership's learning factor in setting its vision and values manifested strength in how well the organization refines, improves, innovates, and includes relevant work units. CO leadership integration factor in setting its vision and values underscored strength by registering good integration of its process approach with its organization profile; complimenting its process and work units to its measures, information, and improvement systems; and supporting organizational goals with planning, processes, results, analyses, learning, and action. Lastly, CO leadership's process for setting its mission and values within the 2019–2020 Baldrige Excellence Framework is a mature approach because it can be reproduced across different situations, coordinated to aim for specific goals rather than event response activities, and consistently analyzed for continuous improvement. In summation, CO's leadership strength in this assessment area is vital for the organization as an operational and process strength pillar.

Strength in Processes of Communicating with and Engaging Its Workforce, Key Partners, and Customers. CO's leadership displayed strength in its process of communicating with and engaging its workforce, key partners, and customers in line with the perspectives of the 2019–2020 Baldrige Excellence Framework. CO's leadership uses direct, hands-on, transparent, honest, and frequent communications with its workforce, key partners, and customers. CO's leaders recently reemphasized the importance of such communications practices because previous organization leaders deprioritized them. CO's leaders have also been working on expanding collaboration with new partners, avoiding previous proclivities towards independence and going-it-alone behaviors, and renewing engagement and relationship building with other nonprofits and organizations sharing similar missions and values. CO leadership's approach factor to communicating with and engaging its workforce, key partners, and customers registered strength through its methodology, appropriateness, effectiveness, and repeatability, as assessed by the 2019–2020 Baldrige Excellence Framework. CO leadership deployment factor of communicating with and engaging its workforce, key partners, and customers signaled strength by comprising relevance, application consistency, and usability across all relevant work units. CO leadership's learning factor in communicating with and engaging its workforce, key partners, and customers manifested strength in how well the organization refines, improves, innovates, and includes relevant work units.

Additionally, CO leadership's integration factor to communicating with and engaging its workforce, key partners, and customers underscored strength by registering good integration of its process approach with its organization profile; complimenting its process and work units to its measures, information, and improvement systems; and supporting organizational goals with planning, processes, results, analyses, learning, and action. Lastly, CO leadership's process of communicating with and engaging its workforce, key partners, and customers can be described within the 2019–2020 Baldrige Excellence Framework as a mature approach because the process can be reproduced across different situations, coordinated to aim for specific goals rather than event response activities, and consistently analyzed for continuous improvement. In summation, CO's leadership strength in this assessment area is vital for the organization as an operational and process strength pillar.

Process Opportunities

CO's leadership helped to identify eight opportunities to improve its business processes and operations. Specifically, enhanced organizational success depends on CO leadership's improvement of its approach to and deployment, learning, and integration of these eleven process areas in its business operations. These eleven improvement opportunities evince these processes' weaknesses, which, if improved, could strengthen the organization's business operations. Furthermore, CO's eleven processes needing improvement tended to be reactive than more mature or role-model organization characterization. Improving these processes could quickly lead to CO leadership displaying higher organizational maturity and ability to respond to complexities and challenges in its business operations.

Strategic Planning Process Opportunities. CO's leadership could improve its strategic planning process. CO's leadership conducts strategic planning as needed rather than as a standard business process (Figure 3). As such, the process entails the executive director bringing a problem or decision to the board of directors for resolution, the board of directors (including the executive director) discussing and deliberating, the group collectively deciding on a new strategic action or plan, and the leadership deploying resources to support and monitor the development. Although the board of directors and the executive director work closely and effectively in conducting the organization's strategic planning processes on an ad hoc basis, particularly noting success on smaller-scale projects, CO's leadership noted that there is room for improvement in the process because it is not proactive and forward-looking or geared towards large-scale projects but is rather reactive to immediate needs. CO’s leadership characterized the process as sprinting from crisis to crisis without having time to build meaningful strategic plans from deliberative processes. Furthermore, CO’s leadership expressed concern that scarce resources harm the organization’s strategic planning conduct and process successes. Also, CO’s leadership opined that the organization had been somewhat static, and few significant innovations had come from its strategic planning processes other than its movement to the downtown cycling center. CO’s leadership felt the organization could strive to reach more eureka moments in its strategic planning processes. Lastly, CO’s leadership did feel that it does a better job with strategic planning than in the past, as evinced by its schedule of strategic objectives, action plans, and measures (Table 9); however, a reworking of its strategic planning process is in order. In these areas needing improvement, CO’s leadership professed to improve its strategic planning process.

CO leadership’s approach to its strategic planning process from the perspective of the 2019–2020 Baldrige Excellence Framework showed the need to improve its methodology, appropriateness, effectiveness, and repeatability. CO leadership’s deployment factor of its strategic planning process signaled the need to strengthen its relevance, application consistency, and usability across relevant work units. CO leadership’s learning factor in its strategic planning process manifested the need for improvement in how it refines, improves, innovates, and includes relevant work units. CO leadership integration factor to its strategic planning process underscored the need to improve due to lacking integration of its process approach with its organization profile; disfavoring its process and work units to its measures, information, and improvement systems; and distancing big organizational goals from planning, processes, results, analyses, learning, and action. Lastly, CO leadership strategic planning process has a reactive approach within the 2019–2020 Baldrige Excellence Framework assessment. For example, CO's leadership noted that the organization is driven by activities responding to events instead of processes aimed at goals, cannot reproduce similar results across different situations, is uncoordinated in aiming for specific goals rather than event response activities, and is not consistently analyzed for continuous improvement opportunities. By improving upon these facets of its processes, CO's leadership can make quality, lasting improvements to this process and its business operations.

Strategic Implementation Process Opportunities. CO's leadership could improve its strategy implementation process. CO's leadership admitted to leaving strategic implementations to staff without managerial guidance. CO's leadership also acknowledged historic complications with follow-up and feedback from strategic implementations, which it assessed as a downside of the organization's decentralized operations. Lastly, CO's leadership asserted that much of its difficulty with implementing and monitoring strategic action is attributable to the organization's limited workforce, especially paid employees, and financial resources. It does not surprise CO's leaders that they have more success with simple, short-term strategic implementations than longer-term ones due to their limited resources and that improvements in their success rates on larger or longer-term strategic implementations can only come when they have more resources, particularly paid employees. For example, the organization's leadership relies significantly on volunteers to implement its strategic action plans. In these areas needing improvement, CO's leadership confided its need to improve its strategic implementation process.

CO leadership's approach to its strategic implementations showed the need for improvement in the process's methodology, appropriateness, effectiveness, and repeatability, as perceived using the lens of the 2019–2020 Baldrige Excellence Framework. CO's leaders' deployment factor of their strategic implementation process offered a variance from best practices and an opportunity to improve relevance, application consistency, and usability across work units. CO leadership's learning factor in its strategic implementation process manifested the need to improve how it refines, improves, innovates, and includes functional work units in strategic implementations. CO leadership's integration factor for its strategic planning implementation process exposed the need to improve the lacking integration of its implementation approach with its organizational profile; the unmatched process to its work units and measurement, information, and improvement systems; and the exclusion of larger organizational implementation goals from proper planning, processes, results, analyses, learning, and action. Lastly, CO leadership's strategic planning process through the lens of the 2019–2020 Baldrige Excellence Framework is describable as a reactive approach with mature development. For example, CO's leadership noted that it is driven by responding to activities within implementation events instead of executing processes aiming at goals, including leaving key implementation decisions to its non-managerial workforce; cannot reproduce similar results across different implementation scenarios; is uncoordinated in implementing specific strategic actions rather than coordinating them; and is not consistently analyzing its actions for continuous improvement opportunities. By improving these aspects of its strategic implementation processes, CO's leadership can improve this process and business operations.

Understanding and Engaging Customers' Process Opportunities. CO's leadership displayed opportunities to improve its process for understanding and engaging its customers. Although CO's leadership favorably assessed the customer understanding and engagement data it receives directly from its interactions with its customers in the course and scope of its business operations, it expressed deficiencies in specific areas of its customer understanding and engagement process. For example, the organization does not systematically quantify, store, or measure trends in customer satisfaction or dissatisfaction data (Table 16) or customer engagement or disengagement data (Table 17). Furthermore, the organization's leaders do not gather or further analyze social media data representative of customer engagement and disengagement. Additionally, the organization's leaders found weaknesses in attaining actionable sales and marketing information from current and potential customers, segmenting its customers into groups and sales funnels, and experimenting with new products and service offerings. CO's leadership thought attaining more robust customer data could help it better listen to and respond to its current customers. However, CO's leaders do not attain any information from potential customers, such as data from surveys or other tools, above their regular interactions with customers already in their cycling center. CO's leadership noted that it does not try to bring new customers into its business operations from marketing and research activities, such as customer focus groups, market segmentation exercises, or other advertising and marketing-related activities. CO's leaders hope to focus more on building better customer databases to make repeat business more predictable in the future. However, presently, CO's leadership does not look to acquire broader market data for their operations and plans to continue to rely upon the limited data that it receives directly from customers to understand and engage their customers, which is reactive rather than planned approaches to hearing the voice-of-the-customer and their expectations for products and services. Unfortunately, CO's leadership did not express a need for serious reconsideration of its approach to customer needs and expectations if the organization is small and has a limited workforce and financial resources. Due to these limitations and deficiencies, the organization leaders' process for understanding and engaging their customers offers opportunities for improvement.

CO leadership's approach factor to understanding and engaging its customers underscored opportunities for improving the process's methodology, appropriateness, effectiveness, and repeatability, according to the 2019–2020 Baldrige Excellence Framework. There must be an approach beyond routine customer interactions as complementary to understanding and engaging such stakeholders. CO leadership deployment factor for understanding and engaging its customers offered areas needing improvement to the process's relevance, application consistency, and usability across requisite work units. Specifically, CO leadership's deployment of the process is unequal across all customer interactions. CO leadership's learning factor for understanding and engaging its customers manifested improvement opportunities regarding how it refines, improves, innovates, and implements applicable work units in customer understanding and engagement. CO leadership integration factor related to its understanding and engagement of customers exposed several needs. For example, CO's leaders need to broaden the nexus of their customer understanding and engagement with the organization's profile, vision, mission, and values. Also, CO's leadership could better match its workforce and their understanding of and interactions with customers to new and improved measures of data and information and improvement systems. In addition, the organization's leaders could further embed current customer data and new and improved customer information into its organizational planning, processes, results, analyses, learning, and action items. Lastly, CO leadership's process for understanding and engaging its customers can be described within the 2019–2020 Baldrige Excellence Framework as a reactive approach to the customer phenomenon. For example, CO's leadership noted that the organization had been driven traditionally by activities responding to implementation events rather than processes aimed at goals, including leaving key implementation decisions to its non-managerial workforce. Moreover, CO's leadership assessed that it could not guarantee similar results across different customers and service offerings and does not always have its aims on best coordination and continuous improvement. CO's leaders can significantly improve its understanding and engagement of its customers by improving these aspects of the process.

Governance Process Opportunities. CO's leadership saw opportunities to improve its process of governance. CO's leadership asserted that its governance process is influenced heavily by its executive director, a member of its board of directors, without significant governance breakdown or other diligence across board committees (Figure 1).

The organization's leadership, therefore, operates without significant hierarchy or checks and balances on decision-making other than routine board meetings. Although the board meets monthly and on ad hoc bases to govern and make strategic and tactical decisions for the organization, the executive director typically directs all day-to-day governance and only receives input from other board members when needed. This governance situation, however, has left the executive director without much-needed support and oversight for properly governing the organization. The board of directors' seeming hands-off and disconnected approach to managing the executive director has also crept into the executive director's governance of the organization's workforce. For example, CO's leadership cited numerous instances of workforce self-governance, which it deemed as agile and positive in some business contexts but as problematic, inconsistent, and uncontrolled in other business contexts. Although CO's leadership opined that its flat governance hierarchy has been suitable for the organization's past and small size, it also believes that the organization's governance needs better governance and associated responsibilities if it is to function efficiently and effectively in service to the organization's vision, mission, and values.

Lastly, CO's leadership asserted that its governance of measuring, assessing, and managing its leadership and workforce performance is too unstructured for the organization in the context of its recent business and financial growth and expansion into its large cycling center headquarters. CO's leaders do not have a formal, explicit codification or understanding of performance evaluation criteria or governance benchmarks. CO's leadership characterized this omission as a severe failure of governance. However, CO's leadership noted that it had begun to escalate this performance evaluation challenge in its corporate governance process to reinvigorate less engaged members of its board of directors and workforce. Although the organization's leaders understood that its underdeveloped corporate governance process had come from the necessity of being a small and young organization, they now believe that all internal stakeholders must work to improve and strengthen its core process for governing the organization.

The approach of CO leadership to its governance process, as assessed using the 2019–2020 Baldrige Excellence Framework, underscored the need for leaders to improve the methodology, appropriateness, effectiveness, and repeatability of the governance process, both presently and in anticipation of recent growth trends. CO leadership's factor of deploying its governance process showed signs of needing to improve its relevance, consistency of application, and usability across its workforce. For example, the organization and its workforce should be proactively managed in all situations and aspects of its business operations. CO leadership's learning factor in its governance process triggered the need to improve how the organization's leaders and workforce refine, improve, innovate, and include applicable workforce functions and persons in its governance practices and realities. CO leadership integration as a factor in its governance process is also in need of strengthening because of lacking nexuses of its governance process with the organization itself; mismatching of governance with its measurement, information, and improvement systems, particularly those related to the organization, leadership, and workforce performance measurement and improvement; and excluding the governance process from consideration for better planning, processes improvements, results monitoring, robust analyses, and learned action and response. Lastly, CO leadership's governance process within the 2019–2020 Baldrige Excellence Framework is a reactive, less-than-ideal, and immature approach to governing the organization. For example, CO's leadership noted that it governs through activities that respond to events rather than processes that aim for its chosen goals, which often include uncontrolled and uncoordinated responses across functional areas and employees. CO's leadership also confirmed serious struggles with adequately governing its board operations and workforce for a growing and evolving organization. Lastly, CO's leaders expressed concerns that they must begin proactively searching for continuous improvement opportunities as a part of a proper governance process. In summation, CO's leadership bravely noted critical areas in its governance process that must be addressed and improved to better the organization and its service to its mission, customers, and other stakeholders.

Legal and Ethical Compliance Process Opportunities. CO's leadership highlighted opportunities for improving its legal and ethical compliance processes, as depicted in Table 8. The organization's leadership acknowledged that upholding and complying with its legal and regulatory requirements, notably those necessary for maintaining its nonprofit organization status, and exercising proper ethics in its conduct and business operation have risen in importance in recent years. However, CO leadership expressed concern that such convictions and their hastening developed in response to previous administrative regimes' struggles with accurate and timely legal and regulatory compliance and poor business ethics choices. For example, the current executive director initially confronted numerous lingering complications and compliance issues stemming from their former executive director and his domination of the organization with poor legal, regulatory, and ethical habits. Specifically, current leadership inherited legal actions stemming from employee classification and payroll taxation issues. Also, CO’s leaders expressed concerns that previous leaders of the organization had not always filed or timely filed its IRS and related nonprofit filings, such as IRS Form 990.

Additionally, CO’s current leadership acknowledged that general business acumen was not a strong suit for them. Initially, it took some time for them to become knowledgeable in and understand the vagaries and realities of proper legal and regulatory compliance. Lastly, the organization's leaders have been working through severe legal and contractual compliance concerns voiced by its municipal partnership’s leaders and elected officials in the downtown cycling center related to the performance of lease terms. CO’s current leadership faulted earlier organizational leadership with the poor contractual and lease performance because previous leaders committed to a process for opening a downtown bicycling center before it had secured membership sales and nearly concurrent with the development of COVID-19. Also, previous leaders did not engage in proper support from and communication with local city officials who had become their strategic partners in the downtown cycling center endeavor. In summation, CO’s leadership worked to overcome and do a much better job with legal and regulatory compliance broadly and specifically to the previously discussed complications. However, this is an area of serious concern for it and a source of constant oversight and need for improvement for the leadership.

CO’s leadership emphasizes the importance of continued improvement in the ethical conduction of its business operations and interactions with its customers and other stakeholders. CO’s leaders aim to be more transparent and honest in their actions and communications with all stakeholders since this was an area of deficiency for previous organization leaders. Current CO leadership acknowledged that the promotion of ethical behavior could have been more substantial in the past under the guidance of different CO leadership. For example, CO leadership expressed concerns that the organization had a negligent attitude of equivocation and telling stakeholders untruths, hiding the truth in some fundamental ways to create confusion and mislead others in the organization’s favor. CO’s leadership learned from the organization's past mistakes and has implemented measures to conduct ethical business operations and stakeholder interactions. CO’s senior leaders continue to battle negative feelings from key partners and community members that stem from the organization’s former executive director and governance. In recent years, CO’s senior leaders have spent considerable time and energy reiterating and communicating legal and regulatory compliance, contract performance, and strict legal and ethical standards. They are hoping that through such demonstrations in words and deeds, they can help to improve this opportunity for improvement into a source of strength.

CO’s leadership needs to improve its legal and ethical compliance approach within the context of the 2019–2020 Baldrige Excellence Framework because of process flaws in its methodology, appropriateness, effectiveness, and repeatability. How CO's leadership deploys its legal and ethical compliance processes showed weakness in its relevance to the broader organization and its stakeholders, application consistency across all business situations, and usability across all its workforce units. CO leadership's learning factor in its legal and ethical compliance processes manifested the need for improvement in how the organization refines, improves, innovates, and includes relevant work units in the implementation process. CO leadership integration of its legal and ethical compliance processes also showed improvement needs regarding the disconnection of the process with broader organizational realities; the mismatching of the process from work units and measures, information, and improvement systems; and the exclusion of legal and ethical considerations often from with planning, processes, results, analyses, learning, and action of the organization, both internally and externally.

Lastly, CO leadership legal and ethical compliance processes within the 2019–-2020 Baldrige Excellence Framework is matched to immature and reactive approaches to business processes and operations. For example, CO's leadership noted that the organization's legal, regulatory, and ethical responses are usually driven by activities responding to inadequacies or complications rather than events aimed at chosen goals, including correcting past omissions and oversights or the results of outright choices to avoid legal or ethical requirements or responsibilities. Also, CO's leadership reported that it could not consistently reproduce legal and ethical process results across business iterations and situations nor monitor them for opportunities for continuous improvement. In summation, CO's leadership has been working to improve upon the areas in need of correction within its legal and ethical process; however, they have further room to grow into a more mature organization with organizational leaders who take their legal, regulatory, and ethical requirements and nest practices more seriously.

Financial Reporting Process Opportunities. CO's leadership helped to identify opportunities for improving its financial reporting process. CO's leadership stated that its financial reporting is inadequate because it has never delivered monthly financial reports consistently to its board of directors or other stakeholders. This deficiency concerns CO's leadership because it cannot measure organizational financial performance in real-time or monthly. The organization's leaders seek to improve financial reporting to make monthly financial reporting mandatory for monthly board meetings. CO leadership also wants to require annual budgeting and associated budget variance analyses to be prepared for, approved by, and monitored by the board of directors and annual financial auditing to verify the accuracy of the organization's financial reports. In these findings, I underscore severe deficiencies in the organization's financial reporting process that CO's leadership must remedy.

CO's leadership must improve its approach to the financial reporting process, according to an assessment using the 2019–2020 Baldrige Excellence Framework, because of flaws in its methodology, appropriateness, effectiveness, and repeatability. CO's leadership does not match proper financial reporting functions to the organization's profile, apply financial reporting mechanisms and regimes consistently, nor enable its leadership team or workforce to use financial data for administrative awareness or management. CO's leadership has not factored its financial reporting process into any detailed strategic plans for improvement, refinement, innovation, or adoption across relevant work units for further development or deployment. CO leadership's integration of its financial reporting process should be better connected with and add more value to the broader organization and external stakeholders. Additionally, CO leadership's financial reporting process from the 2019–2020 Baldrige Excellence Framework perspective is less developed and entirely reactive in approach rather than well-developed, proactive, accurate, and continuously improved with organizational evolution. CO's leadership acknowledged the deficiency in its financial reporting process, even after taking some initial steps to improve it, and understands that the process for financial reporting needs to be developed further into a mature process and strength for the organization instead of an area of concern.

Workforce Capability, Capacity, Climate, and Engagement Results Measurement Opportunity. CO's leadership discussed opportunities to improve its measurement process for gauging its workforce capability, capacity, climate, and engagement results. CO leadership does not adequately quantify and retain these workforce metrics and operates with subjective understandings and gauges. For example, the organization's leaders opine that workforce morale, worker skills, proper tools inventories, and happiness drive many of these four workforce results. However, Co's leadership has not turned those perspectives into quantitative measures for managing and gauging workforce results. Accordingly, CO leadership could use such deficiencies as opportunities to improve the quantification and measurement of relevant workforce capability, capacity, climate, and engagement results since it already has several key drivers in mind for building new measures of workforce results.

CO's leadership presented opportunities for improving its approach to and process for measuring workforce capability, capacity, climate, and engagement results in line with the 2019–2020 Baldrige Excellence Framework. Several deficiencies exist in CO leadership's current unquantified methodology, measurement limitations, managerial effectiveness, and outcome repeatability. For instance, CO leadership's measurement of workforce capability, capacity, climate, and engagement exist only as undeveloped mental heuristics without application as indicators for the broader organization, consistency in all operating settings, and applicability to all work units. Also, CO leadership's learning factor in its workforce capability, capacity, climate, and engagement results measurement processes manifested the need for improvement in how the organization refines, improves, innovates, and includes relevant work units in its processes. CO leadership's integration of its workforce capability, capacity, climate, and engagement results measurement processes also needs improvements in how distant the process exists concerning the broader organization; the mismatching of the process from the workforce, nits and measures, information, and improvement systems; and the exclusion of workforce capability, capacity, climate, and engagement results measurement processes often from with planning, processes, results, analyses, learning, and action of the organization, both internally and externally. Lastly, CO leadership workforce capability, capacity, climate, and engagement results measurement processes within the 2019–2020 Baldrige Excellence Framework qualify as immature and reactive approaches to business processes and operations. For example, CO’s leadership noted that the organization’s measurement processes for workforce capability, capacity, climate, and engagement are inadequate responses rather than events aimed at collecting data. Also, CO’s leadership reported that it could not consistently reproduce workforce capability, capacity, climate, and engagement results measurement processes results across business iterations and situations nor monitor them for opportunities for continuous improvement. In summation, CO’s leadership must hasten workforce capability, capacity, climate, and engagement results measurement processes to develop the organization into a more mature one.

Opportunity in Marketplace and Strategic Action Plan Performance Results Measurement. CO’s leadership demonstrated opportunities to improve its process for measuring marketplace and strategic action plan performance results. CO’s leadership gauges its marketplace and strategic action plan results without quantifying or tracking them. For example, CO’s leadership began recognizing the need to diversify its revenue sources away from charitable contributions and pursued the strategic action of leasing and operating a downtown cycling center to grow its revenue mix; introduce the new income source of membership sales to its revenue mix; and create cross-selling opportunities across legacy and new cycling center customers. However, other than a few quantitative or qualitative perspectives, the organization’s leaders do not have an objective measure for assessing the results of this strategic action plan and marketplace initiative, which likely represent the most comprehensive, risky, and forward-looking strategic action plan and marketplace change in the organization’s history. Furthermore, CO's leadership cannot best parlay any successes or lessons learned from this strategic action and marketplace initiative until it creates and tallies some form of results metrics, which in turn halts its expressed desires to explore growing and expanding its service offerings to new demographics, market segments, and geographic locations, potentially including a second cycling center.

CO's leadership needs to improve its approach to measuring the results of its marketplace and strategic action plan performance, according to the 2019–2020 Baldrige Excellence Framework. For example, there are flaws in the process's lacking methodology, organizational appropriateness, operational effectiveness, and repeatability. Furthermore, the CO's leadership does not effectively deploy any measurement of its marketplace and strategic action plan into the broader organization or apply them consistently to business situations. CO leadership does not learn from its marketplace and strategic action plan performance results or include them in efforts to improve how the organization refines, improves, innovates, and includes relevant work units in the process. Lastly, CO leadership's measurement process for its marketplace and strategic action plan performance results within the 2019–2020 Baldrige Excellence Framework is a severely undeveloped and reactive approach to business processes and operations, rather than a more developed model, and does not consistently produce any results nor monitor them for opportunities for regular improvement. In summation, CO's leadership should improve its process for gathering data and measurements of its marketplace and strategic action plans to progress into more mature iterations of its business operations.

Results Strengths

CO’s leadership demonstrated three results strengths: workforce engagement, product performance and process effectiveness, and financial performance. These six strengths confirm CO's leaders' organizational strength and maturity in these aspects of their business operations and deliver positive results in the course and scope of business operations. I will describe each of these strengths in the subsequent paragraphs of this section.

Strength in Workforce Engagement Results. CO’s leadership demonstrated strength in its workforce engagement results. CO’s leadership understands workforce engagement and the need to measure it (Table 18). CO’s leaders actively engage their workforce for retention and high performance by directly reviewing and observing the positive and negative impacts upon them, which is easy given the organization's small size. Furthermore, leadership understands the critical drivers of engaging its paid workforce: fair wages and benefits, managerial support, a positive working environment, and customer-facing roles that connect work to customers. It also understands the critical driver of engaging its volunteers: exciting work opportunities that align with bicycling and the organization’s mission and values. CO leadership cited numerous examples of long-term volunteer tenures as proof of how well the organization engages its voluntary workforce. CO’s leadership continuously seeks to improve its understanding of and act upon the key drivers of its workforce engagement. For these reasons, CO’s leadership registered strength in its workforce engagement results.

CO leadership demonstrated strength in its workforce engagement results using the 2019–2020 Baldrige Excellence Framework. CO is a small organization without quantitative measures of workforce engagement. CO's leadership measures the level of its workforce engagement results subjectively as strong given the average tenures of its paid and voluntary workforce. CO's leadership measures the trend in workforce engagement level as continued good performance. The organization's leaders subjectively assess their workforce engagement results relative to their competitors or benchmarks as roughly on par with local competitors. The organization's leadership gauges its workforce engagement results to address the performance requirements of its customers, products, marketplaces, processes, plans of action, organizational goals, and organizational profile. Additionally, CO leadership demonstrated an early systematic approach to workforce engagement results using the 2019–-2020 Baldrige Excellence Framework factors for describing the maturity of an organization's processes and results. CO's leaders have begun to aim their workforce engagement process at goals for employee engagement and its drivers rather than respond to events non-systematically. In summation, CO's leadership showed strength in the level, trend, comparability to peers, performance requirement matching, and developing maturity in its workforce engagement results.

Strength of Operating Results in Product Performance and Process Effectiveness. CO's leadership demonstrated the strength of its operating results in product performance and process effectiveness. CO's leadership aims for its product performance and process effectiveness to keep its customers, donors, partners, and other stakeholders engaged with the organization as a bicycling lifestyle center and public charity. The organization's leadership expressed that its vision, mission, and values result in product performance and process effectiveness that improves customers' comfort, safety, and knowledge of bicycling, ultimately rendering bicycling more accessible and pleasurable. The organization's leaders believe that their product and process effectiveness results in customers who might not have the financial and experiential means to bicycle as a transportation mode. CO's leadership also thinks that expanding into the new downtown cycling center creates new opportunities for its products and processes by enabling a more comfortable and viable bicycling commuter lifestyle option that was unavailable before it opened the cycling center. CO leadership's viewpoints on product performance and process effectiveness align with its vision and mission statements, which aim to improve its stakeholders and community. Additionally, CO's leadership showed strength in its product performance and related process effectiveness by producing products and services of a sufficient quality that generally requires no corrections and prompts repeat business, happy customers, and new customer referrals. Lastly, the leadership of CO is deliberative and initiative-taking about determining, designing, managing, and improving its essential products and work processes. Current leadership inherited many legacy products and work processes from previous leaders and, without hesitation, amended them for new business realities. CO's leadership noted that it makes such determinations to redesign or improve its key products and work processes in real time by listening directly to its customers and other stakeholders.

CO leadership demonstrated strength in its operating results in product performance and process effectiveness using the 2019–2020 Baldrige Excellence Framework. CO is a small organization without exact, quantitative measures of operating results in product performance and process effectiveness. CO's leadership measures the level of its operating results in product performance and process effectiveness results qualitatively and subjectively as strong given the high quality of its products and services sales with happy, repeat customers and minimum complaints or rework. CO's leadership measures the trend in operating results in product performance and process effectiveness level as continued good performance. The organization's leaders subjectively assess their operating results in product performance and process effectiveness results relative to their competitors or benchmarks as on par with their competitors in most measures but exceeding their peers in value and uniqueness of specific offerings. The organization's leadership gauges its operating results in product performance and process effectiveness results as able to address the performance requirements of its customers, products, marketplaces, processes, plans of action, organizational goals, and organizational profile. Lastly, CO leadership demonstrated an early systematic approach to operating results in product performance and process effectiveness using the 2019–2020 Baldrige Excellence Framework factors to describe the maturity of an organization's processes and results. CO's leaders now aim for operating results in product performance and process effectiveness rather than responding to events non-systematically and sporadically. In summation, CO's leadership showed strength in the level, trend, comparability to peers, performance requirement matching, and growing maturity in its product performance and process effectiveness operating results.

Strength in Financial Performance Results. CO's leadership demonstrated strength between 2019 and 2021 in the financial performance results of its: revenue mix by diversifying its income sources (Table 19); statement of activities by growing its revenue, decreasing its expenses, and increasing its change in net assets (Table 20; Figure 4); statement of financial position (Table 21; Figure 5) by significantly increasing the organization's assets and net assets; liquidity by maintaining the measure of its current ratio at healthy levels (Table 22); solvency by improving the measure of debt to net assets significantly (Table 22); and cash position by growing the measure significantly (Table 23). In summation, CO's leadership gauged its financial performance results satisfactorily because it had enough revenues to support its services, pay its expenses, and potentially expand its operations, products, and services into the future; adequate cash on hand; sufficient cash reserves; and minimal debt or other liabilities.

CO leadership demonstrated strength in its financial performance results (Tables 19 to 23; Figures 4 and 5) using the 2019–2020 Baldrige Excellence Framework and defined metrics chosen for this research study (Table 24). CO's leadership produced financial statements from which I gleaned financial metrics and strengths. CO's leadership's financial performance levels were strong in the previous paragraph's most recently reported 2021 financial statistics. CO's leadership's financial performance results were strong in trend from 2019 to 2021, as reported in the financial performance results listed in the previous paragraph. The organization's leaders subjectively assess the organization's financial position as smaller than their local for-profit and non-profit competitors and, therefore, felt that their financial performance was likely comparably smaller than their for-profit and non-profit competitors. However, they do not have any financial metrics to compare their performance against peers or other known benchmarks. CO leadership’s financial performance results strength evinces its ability to meet the performance requirements of its customers, products, marketplaces, processes, plans of action, organizational goals, and organizational profile. Additionally, CO leadership demonstrated an early systematic approach to financial performance results using the 2019–2020 Baldrige Excellence Framework factors for describing the maturity of an organization’s processes and results. CO’s leaders have begun to aim their financial performance results process at goals for regular report production, which prevented the assessment from being mature or a role model. In summation, CO’s leadership showed strength in the level, trend, comparability to peers, performance requirement matching, and developing maturity in its financial performance results.

Results Opportunities

CO’s leadership and workforce demonstrated four opportunities to improve the results of its business operations: opportunity in workforce environment results; opportunity in workforce engagement regarding career development; opportunity in the operational effectiveness of ensuring organizational disaster and emergency preparedness; opportunity in measurement, analysis, and knowledge management; and opportunity in legal and regulatory results. I will describe each of these in the subsequent paragraphs of this section.

Opportunity in Workforce Environment Results. CO's leadership demonstrated opportunities to improve its workforce environment results concerning employee onboarding and performance management. CO leadership acknowledged the organization's deficiencies in onboarding and training new employees timely and informatively. The organization's leaders also observed that they need to improve employee performance management by including standardized, periodic performance reviews in workforce expectations and management, which could become even more critical as the organization grows. In terms of the 2019–2020 Baldrige Excellence Framework, CO's leadership subjectively assessed their performance results regarding their workforce environment at a level below desired. Its leadership did not express an opinion on the trend in these results over recent years; however, it did not note significant improvement recently. The organization's leaders did not speak to their workforce environment results in this context as either better or worse than their competition. However, they believe they could perform at a higher benchmark regarding employee onboarding and performance management. CO leadership's workforce environment results concerning employee onboarding and performance management likely inhibit the workforce's ability to meet the performance requirements of its customers, products, marketplaces, processes, plans of action, organizational goals, and organizational profile. Lastly, CO leadership demonstrated a reactive approach to its workforce environment on employee onboarding and performance management. CO's leaders must begin to aim for results in these areas that move away from reactions to prompts to plans and programs for workforce onboarding and performance assessment and management. In summation, CO’s leadership showed opportunities to improve the level, trend, peer comparability, performance requirement adherence, and maturity of its workforce environment results concerning employee onboarding and performance management.

Opportunity in Workforce Engagement Results Regarding Career Development. CO’s leadership demonstrated opportunities to improve its workforce engagement results regarding professional and career development. CO’s leadership expressed concern that it does not foster the development of its workforce and confessed that it does not have a system for supporting its workforce's professional or career development, which underscores why leadership also scores its results in this opportunity area poorly. Furthermore, CO’s leadership presents no real opportunities for its workforce to grow or develop professionally within the organization or course and scope of employment. CO’s leaders admitted that this area is a deficiency and blind spot of the organization because they do not plan for or explicitly support their employees' career progression or professional development. Furthermore, the organization had no recent examples from its workforce who had experienced career progression in recent years. The organization’s leadership plans to seek to develop these opportunities in the future as opportunities to do so surface.

From the 2019–2020 Baldrige Excellence Framework perspective, CO’s leadership assessed their performance results regarding professional and career development at an unsustainable level. It did not express an opinion on the trend in workforce engagement results regarding professional and career development over recent years; however, it did not note significant improvement in these results. The organization's leadership did not say whether their workforce environment results related to professional and career development results were better or worse than their competition. However, CO leadership painted a bleak picture that would be below the levels expected of a viable nonprofit organization with paths for professional and career growth. CO leadership's lack of professional and career development results limits its workforce from its best approach for meeting the performance requirements of its customers, products, marketplaces, processes, plans of action, organizational goals, and organizational profile. Lastly, CO leadership demonstrated a reactive approach to workforce engagement results regarding professional and career development. CO's leaders must invest in targeting results and meeting them in this area for improvement rather than not reacting to any workforce professional and career development opportunities. In summation, CO's leadership showed opportunities to improve the level, trend, peer comparability, performance requirement adherence, and maturity of its workforce environment results concerning professional and career development.

Opportunity in Operational Effectiveness of Ensuring Organizational Disaster and Emergency Preparedness Results. CO's leadership demonstrated opportunities to improve its results in operational effectiveness pertaining to ensuring organizational disaster and emergency preparedness. CO leaders acknowledged that their safety and emergency preparedness results are positive only because they have not faced a dangerous situation or emergency. They consider themselves and the organization lucky not to have faced significant emergencies or disasters because they have never prepared for such events. Therefore, CO's leaders support strengthening safety and emergency preparedness results by aiming to codify and consistently and regularly communicate disaster or emergency response protocols, policies, or procedures to internal or external stakeholders. In terms of the 2019–2020 Baldrige Excellence Framework, CO's leadership subjectively assessed their performance results regarding their operational effectiveness pertaining to ensuring organizational disaster and emergency preparedness at a sub-par level. CO's leaders expressed that the results remained at the trend level of never producing anything to plan for and mitigate potential disasters or emergencies. The organization's leaders did not speak to their operational effectiveness pertaining to ensuring organizational disaster and emergency preparedness results in this context as either better or worse than their competition. However, they believe they are not performing to what should be, at a minimum, an internal benchmark. CO leadership's operational effectiveness pertaining to ensuring organizational disaster and emergency preparedness results would likely inhibit the workforce's ability to meet the performance requirements of its customers, products, marketplaces, processes, plans of action, organizational goals, and organizational profile when and if faced with a disaster or emergency impactful to business operations. Lastly, CO leadership demonstrated a reactive approach to operational effectiveness to ensure organizational disaster and emergency preparedness. CO's leadership must aim for results that prevent it from reacting impromptu to an emergency or disaster and enable it to operate with a planned response to such unfortunate events. In summation, CO's leadership showed opportunities to improve the level, trend, peer comparability, performance requirement adherence, and maturity of its operational effectiveness in preparation for and during organizational disasters and emergencies.

Opportunity in Legal and Regulatory Results. CO's leadership demonstrated opportunities to improve its legal and regulatory results. In its opinion, CO's leadership's legal and regulatory results are more substantial than in the past because previous members of the organization's leadership acted unconcerned with legal and regulatory compliance. However, it could not specify how much more substantial the results were than when previous leadership ignored the urgency of such activities and their associated results. CO's leaders could not produce a consistent recording of their filing requirements and filing results, including IRS 990 filings, for the past five years. Furthermore, CO's leadership has never procured and undergone a financial audit, including its vast material and equipment inventories. Using the 2019–2020 Baldrige Excellence Framework, CO's leadership did not perform well regarding its legal and regulatory results. The organization's leaders, however, did express that the trend in the organization's legal and regulatory results over recent years is up. The organization's leaders' results in this area did not meet their benchmark expectations for performance results. CO leadership's legal and regulatory results impact the organization's ability to meet the performance requirements of its customers, products, marketplaces, processes, plans of action, organizational goals, and organizational profile. Unfortunately, such impacts could worsen substantially if legal and regulatory authorities make an issue of any compliance results' misses. Lastly, CO leadership demonstrated a reactive approach to their legal and regulatory results. CO's leaders must aim for better results by moving away from reactions to events and towards plans and programs for ensuring legal and regulatory performance and results. In summation, CO’s leadership showed opportunities to improve the level, trend, peer comparability, performance requirement adherence, and maturity of its legal and regulatory results.

Project Summary

The purpose of this qualitative single case study was for me to explore the strategies that nonprofit organization leaders employ to grow organization revenue for financial sustainability when charitable contributions cannot fund business operations. While working with my assigned client, CO, I was a scholar consultant in Walden University's DBA consulting capstone. During this study's course and scope, I reviewed internal and external information of the assigned client CO. The population of my study consisted of the leadership of a small nonprofit organization in Wisconsin that had successfully created strategies to grow organization revenue for financial sustainability when charitable contributions cannot fund business operations. Due to the size of the organization and its limited executive leadership, the executive director of CO served as the study’s population.

In the results of this qualitative single case study, I represent the viewpoints and perspectives of the participant on leadership; strategy; customers; workforce; operations; measurement, analysis, and knowledge management; and the performance results of CO as a nonprofit organization operating a business in Wisconsin. Nonprofit organization leaders that study and scrutinize this qualitative single case study will discover at least two thematic findings for usage to grow organization revenue for financial sustainability when charitable contributions cannot fund business operations, which, when applied to professional practice, can prevent nonprofit organization leaders from struggling with financial instabilities, financial management problems, and service disruptions that hinder business practices and economies and, when applied to social change, can lead to positive enablement of nonprofit organization leaders to deliver more services to needy individuals, families, and communities and raise social returns on investment and employment possibilities for individuals, families, and communities.

Contributions and Recommendations

I completed my doctoral study research, resulting in several contributions and recommendations for practitioners and scholar researchers. I explored nonprofit organization leaders' strategies to grow revenue for financial sustainability when charitable contributions cannot fund business operations. I found two key themes in Section 3 of this research study, which I summarize again in the next section on applications to professional practice. Leaders in the global nonprofit sector could use these two themes to find better foundations for entrepreneurialism, which could benefit practitioners facing growing competition for grants and other funding mechanisms (see Denison et al., 2019). I also found five themes on nonprofit finance and BPT for usage in the field from the review of the professional and academic literature themes from Section 2 of this research study, which I summarize in the next section on applications to professional practice. The combination of knowledge and strategies presented with these eight themes should be a valuable contribution to and resource for nonprofit leader practitioners and scholar researchers in the field. Additionally, I uncovered and contributed new knowledge to the field of nonprofit finance and BPT, mainly related to the strategies nonprofit leaders employ to grow organizational revenue and apply BPT to such choices.

It is recommended that members of the professional and academic nonprofit community disseminate the results of this qualitative single case study across appropriate venues further to develop the academic literature on nonprofit finance and BPT. The results of this study can help the nonprofit community better understand the struggles and successes of nonprofit organization leaders. Many nonprofit organization leaders could be more entrepreneurial and strategic in their quest for financial sustainability, revenue growth, and revenue stability. Likewise, many nonprofit academics and practitioners could be more aligned with the real struggles of nonprofit organization leaders, particularly those leaders at smaller organizations, to maintain and sustain themselves financially in both good and bad economic times. There are several possibilities for positive social change from disseminating this research study across the nonprofit practitioner and the researcher-scholar community, which could positively change the lives of individuals and their organizations, institutions, communities, cultures, and society. Additionally, I recommend expanding this qualitative single case study into a qualitative multiple case study with a longer time frame of data analysis of 10 or more years of financial performance data. I am confident that I could have uncovered many more findings if my client organization could have produced more quantified operational and financial data, which could have uncovered many more contributions and recommendations to the field.

Applications to Professional Practice

I aimed my research study to explore the strategies of nonprofit organization leaders to grow organization revenue for financial sustainability when charitable contributions cannot fund business operations. For this study, I defined nonprofit financial sustainability a la Bowman (2011) as a state with (1) short-term financial capacity, measured as positive annual unrestricted net asset growth; (2) long-term financial capacity, measured as positive annual total asset growth, and (3) long-term financial capacity that grew at a rate at or exceeding the long-term rate of inflation. With the declining ability of nonprofit organizational leaders to depend on charitable contributions, this study's exploration and thematic findings can be essential for nonprofit organization leaders to apply in professional practice. In this section, I discuss two thematic findings from the collection, analysis, and preparation of results from Section 3 and five themes from the review of the professional and academic literature themes from Section 2 of this research study.

I presented two thematic findings in the collection, analysis, and preparation of results from Section 3 of this research study. These two thematic findings are as follows:

- Nonprofit organization leaders can grow and diversify organizational revenue for financial sustainability by executing strategies to (a) create new income sources in their revenue mix and (b) ramp existing income sources in their revenue mix.
- Nonprofit organization leaders can grow and diversify organizational revenue for financial sustainability by executing strategies to convert existing income source customer bases into cross-selling opportunities for other income sources, which,

to my knowledge, is a finding that is not developed in the extant literature and, therefore, my study could extend knowledge and fill a gap in the literature on nonprofit finance.

These thematic findings of this qualitative single case study could increase the competent practice of nonprofit businesses. For example, Denison et al. (2019) noted that the growing competition for governmental grants and funding opportunities increased the need for nonprofit organization leaders to engage in entrepreneurialism. Therefore, supplying strategies to leaders in the global nonprofit industry for becoming entrepreneurial in increasing organization revenues for financial sustainability when charitable contributions cannot fund business operations should enable nonprofit organization leaders to make their organizations more efficient and effective. Furthermore, nonprofit organization leaders could reduce dependencies on government grants and charitable gifts in their revenue mixes and streamline service offerings for impact and sustainability.

Additionally, I presented five themes in the review of the professional and academic literature themes from Section 1 of this research study. These five themes are as follows:

- Nonprofit organization leaders who implement strategies to increase the number of or growth rates in their organization's income sources and revenue mixes must also be mindful that such strategies could also affect their organizations' revenue mix diversifications and concentrations, revenue volatility, revenue stability, financial stability, financial capacity, and financial sustainability.

- The revenue mix choices of nonprofit organization leaders are similar to the portfolio selection choices of investors because nonprofit organization leaders invest in specific service offerings and associated revenue mixes, as do investors who select holdings for their investment portfolios.
- Nonprofit organization leaders often weigh more than financial risk and return measures in their revenue mix selections because nonprofit organizations exist solely to achieve nonprofit missions.
- The application of BPT by nonprofit organization leaders in administering their organizations' revenue mixes can be more fitting than other portfolio theories of finance because BPT does not limit investment choices to deliberations on risk and return and, alternatively, employs decision-making factors excluded from traditional portfolio theories of finance, including, without limitation, such factors as behaviors, beliefs, and perceptions in investor decision-making and setting of goals and priorities (Chang et al., 2018).
- Nonprofit organization leaders can use BPT for administering their revenue mixes because of the similarities of their revenue diversification decisions to BPT investors, including, without limitation, their inability to assemble upwards of 300 or more diverse income sources in their revenue mixes a la traditional portfolio theories of finance and their ability to approach diversification optimization through the BPT lens as a portfolio of subportfolios separated by mental accounts, aspirations, and loss constraints (Das et al., 2010), which they optimize with

chosen and preferred risk levels to maximize their unique benefits (Leković, 2019).

These five themes from my synthesis of relevant academic literature in relation to my conceptual lens of BPT and research topic of nonprofit finance allowed me to accentuate my exploration and discovery of how nonprofit organization leaders grow revenue for financial sustainability when charitable contributions cannot fund business operations while balancing their complex and competing considerations of mission aspirations versus mission outcomes. These five things are additive to my previously presented two thematic findings. Theme 1 that I presented above means that nonprofit organization leaders who implement strategies to increase the number of or growth rates in the income sources of their organizations' revenue mixes must also be mindful of the effects such strategies can have on other revenue and financial health metrics. Themes 2 through 5 that I presented above mean that nonprofit organization leaders behave like BPT investors when they grow organizational revenue for financial sustainability when charitable contributions cannot fund business operations by balancing risk and rewards from their actions into layered pyramids. To my knowledge, such an application of BPT to nonprofit finance does not exist in the extant literature, and, therefore, my study fills a gap in the literature on nonprofit finance and BPT.

I am hopeful that I have explored the strategies that some nonprofit organization leaders deployed to grow organization revenue for financial sustainability when charitable contributions cannot fund business operations and used the conceptual lens of BPT, the research topic of nonprofit finance, and the system of the 2019–2020 Baldrige

Excellence Framework to produce results that can be successfully applied in nonprofit practice. This hope is especially critical to me due to the declining ability of nonprofit organizational leaders to depend on charitable contributions to fund their business operations and meet the aspirations of their vision and mission statements.

Implications for Social Change

There are several possibilities for positive social change from disseminating this research study across the nonprofit practitioner and the researcher-scholar community. Positive social change involves initiatives that change thinking, behavior, relationships, institutions, and society (Stephan et al., 2016). The findings of this study, once scholars disseminate them, could positively change such norms by updating the understanding of the strategies for growing organizational revenue for financial sustainability when charitable contributions cannot solely fund entire business operations, which, ultimately, could directly and tangibly improve the lives of individuals and their organizations, institutions, communities, cultures, and society. I present a synopsis of potential positive social change that could come from broader dissemination of the findings of this research study in the subsequent paragraphs of this section.

Through my findings, I could also make it possible for leaders in the global nonprofit industry to become more entrepreneurial in growing organization revenue for financial sustainability while decreasing dependency on charitable contributions to fund business operations. Such entrepreneurialism could enable these nonprofit leaders to maintain or increase the breadth, scope, and efficacy of their goods and services deliveries to individuals, families, and communities with more optimized funding opportunities, which should also catalyze nonprofit organization leaders to affect general beneficial social change by delivering more goods and services to needy individuals, families, and communities. Also, the knock-on effect of the delivery of these additional services by more entrepreneurial nonprofit organizations could positively affect other nonprofit organizations, institutions, cultures, and society by redeploying the supply of such goods and services deliveries to more efficient organizations away from less efficient entities, which could lessen the burden on such overtaxed resources to find a better equilibrium in their goods and services provisioning economics. Additionally, increased nonprofit leader entrepreneurialism could also lead to enhanced employment possibilities for individuals, families, and communities, as growth in the delivery of goods and services could lead to increased demands for labor. Therefore, global nonprofit organization leaders could become more entrepreneurial by familiarizing themselves with this study's findings and, accordingly, make their organizations more financially sustainable and better serve their numerous stakeholders and broader society.

The usage or adaptation of the findings of this single case qualitative study could beget nonprofit organization leaders to affect social change beneficially. There are several possibilities for positive social change from disseminating this research study across the nonprofit practitioner and the researcher-scholar community, which have been introductorily but not exhaustively discussed, because this study’s findings can quickly change thinking, behavior, relationships, institutions, and society in line with Stephan et al. (2016). Once disseminated, the findings of this study could positively change the daily lives of those granularly attached to the operations of such improved nonprofit organizations and the longer-term livelihoods of broader stakeholders and society as momentum from such changes prompted by these findings gains.

Recommendations for Action

I recommend that all nonprofit organization leaders, practitioners, and academics, whether in public or private capacities of funding or monitoring nonprofit organizations, should pay attention to, scrutinize, and act upon the results of this qualitative single case study. The results of this study can help such individuals in the nonprofit community to better understand the struggles and successes of nonprofit organization leaders in growing organization revenue for financial sustainability while maintaining revenue stability when charitable contributions cannot fund their business operations. Many nonprofit organization leaders could be more entrepreneurial and strategic in their quest for financial sustainability, revenue growth, and revenue stability. Likewise, many nonprofit academics and practitioners could be more aligned with the real struggles of nonprofit organization leaders, particularly those leaders at smaller organizations, to maintain and sustain themselves financially in both good and bad economic times. Such action on the part of these three nonprofit industry constituents could optimize the ability of nonprofit organizations to deliver on their missions and maximize the cooperation of all parties to apply further this study and its findings to nonprofit professional practice and drive positive social change. For these reasons, I recommend that all nonprofit organization leaders, practitioners, and academics, whether in public or private capacities, familiarize themselves with the results of this qualitative single case study.

Members of the professional and academic nonprofit community could disseminate the results of this qualitative single case study across academic literature and conference and training workshop venues. The results of this study could lead to the further development of the academic literature on nonprofit organization finance and, therefore, lend themselves to more significant expansion into the academic literature on nonprofit finance. The results of this study could be beneficial to applied nonprofit finance when presented at nonprofit-related conferences for academics and practitioners and, accordingly, useful in its dissemination to conference attendees. The results of this study could also be beneficial for dissemination to nonprofit practitioners at training workshops related to nonprofit operations and financial management. The usefulness of this study's findings could quickly be disseminated to the professional and academic nonprofit community across these three venues with differing degrees of sophistication and application, particular to each purpose.

Recommendations for Further Research

I exhibited strength in this qualitative single case study in its comprehensive literature review on BPT, its conceptual framework, and nonprofit finance, its research topic, and three significant thematic findings distilled from an exploration of this study's phenomenon on the strategies that nonprofit organization leaders deploy to grow revenue for financial sustainability when charitable contributions cannot fund business operations. I also exhibited limitations in this qualitative single case study. Limitations are inherent potentials for weaknesses beyond research control, associated with research design, and potentially impactful on the results and conclusions of research (Theofanidis &

Fountouki, 2018). The first limitation was the small sample size of this study, which potentially limits the generalizability of the study results and conclusions to further application. The second limitation was the reliance on one participant to recall past events and experiences that might not have reflected reality and could affect the data's accuracy. The third limitation was my ability to interview the participant and extract correct and complete information. The fourth limitation was the limited time and experience of the participant's employment with the organization.

My first recommendation for further research is to expand this qualitative single case study into a qualitative multiple case study of the strategies several nonprofit organization leaders deploy to grow revenue for financial sustainability when charitable contributions cannot fund business operations. Such an approach would lessen the likelihood of the four named limitations of this study and, most importantly, improve the transferability of any findings. My second recommendation for further research, whether a qualitative single case study or a multiple case study, is to limit the population to nonprofit organizations with at least 10 years of GAAP-compliant monthly financial reports annually audited for assurance. Such a recommendation could improve the research of this study’s phenomenon and find more strategies that nonprofit organization leaders deploy to grow revenue for financial sustainability when charitable contributions cannot fund business operations. Furthermore, by using lengthier, higher-quality nonprofit organization financial data, a researcher could better incorporate the important nonprofit finance metrics from extant research, such as nonprofit financial capacity, nonprofit financial stability, nonprofit financial sustainability, nonprofit financial vulnerability, nonprofit revenue diversification, nonprofit revenue growth, nonprofit revenue stability, and nonprofit revenue volatility.

Reflections

I began my doctoral journey at Walden University with relevant personal, professional, and academic experiences; an awareness of likely difficulties I might encounter and an understanding that other difficulties would emerge; and excitement about more in-depth learning of subjects about which I am passionate and potentially finding knowledge to add to extant research on business practice. I entered the DBA program and began my Doctoral Study work with significant knowledge of BPT, nonprofit finance, MPT, and nonprofit organization operations. Having attained an undergraduate degree and several graduate degrees in business subjects and worked in finance, accounting, and business management roles for numerous years, I came prepared to continue my academic journey in business. However, I did not fully anticipate the challenge of completing the most complex and time-consuming degree of my academic career while proactively parenting; working professionally in finance; performing management consulting as a part-time business endeavor; teaching graduate and undergraduate accounting and finance courses at several colleges; and volunteering my time regularly and eagerly at several nonprofit organizations. Adjusting my personal, professional, and academic lives to deal with the global pandemic created by COVID-19 also did not reduce this challenge.

Additionally, I did not initially realize that my professional and academic experience with and exposure to my selected conceptual framework, research topic, contrasting and rival, and business practice could potentially bias my performance in and results from my DBA Doctoral Study and would need to be mitigated by carefully identifying any sources of bias and preventing them from entering my research. Thankfully, participants in Walden University's DBA consulting capstone program are prepared to limit research bias by understanding the ethical responsibilities governed by their DBA research agreement and IRB research approval and being exposed to the principles and applications of the *Belmont Report*. Moreover, the structure and framework of the 2019–2020 Baldrige Excellence Framework required in the consulting capstone provided a means by which I could operate methodically through my research and further mitigate the potential for biasing my research and results.

Lastly, during the course and scope of my DBA journey, I learned much about my chosen conceptual framework, research topic, the 2019–2020 Baldrige Excellence Framework, and my client organization. These lessons broadened my understanding of finance and business practice, and my extensive writing helped to make these lessons a permanent part of my personal, professional, and academic repertoires. Furthermore, I learned valuable strategies that nonprofit organizational leaders can use to grow their organizations' revenue when charitable contributions cannot fund their business operations, which confirmed extant academic research in several areas. I also prepared a literature review of new subject matters and details and codified the research topic of nonprofit finance uniquely, comprehensively, and informatively. I am humbled by the sheer magnitude and scope of academic research in business and finance and, at the same time, proud of my small accomplishment in the field. Although I began my doctoral journey at Walden University with relevant experiences, self-awareness, and excitement about learning, researching, and writing academically about business and finance, I could not have imagined that my reflection on this DBA experience would be even more remarkable in reality than what I expected in my mind back in 2019.

Conclusion

Leaders of nonprofit organizations significantly contribute to business practices, economies, and societies. For example, as previously cited, in 2019, the leaders of 1.78 million 501(c)(3) nonprofit organizations registered with the IRS (Internal Revenue Service, 2020), added an estimated $1,185.33 trillion to the USA economy (Federal Reserve Bank of St. Louis, n.d.), and represented 5.53% of USA GDP. Nonprofit organization leaders are not immune from struggling with managing financial sustainability because the aims of growing revenue and stabilizing revenue often conflict (Denison et al., 2019, p. 56) even though they display such commercial, economic, and societal might. Therefore, it is a global problem when nonprofit organization leaders cannot grow organization revenue for financial sustainability. Accordingly, I explored in this qualitative single case study nonprofit organization leaders' strategies to grow revenue for financial sustainability when charitable contributions cannot fund business operations. I uncovered in this research study thematic findings and strategies that nonprofit organization leaders can use when they lack strategies to grow organization revenue for financial sustainability when charitable contributions cannot fund their business operations. The significance of this study is multifaceted; however, my contribution to business practice and its implications for social change are likely the most valuable. For business practice, supplying strategies to global nonprofit organization leaders for becoming more entrepreneurial in growing organization revenues for financial sustainability when charitable contributions cannot fund business operations can create more effective and efficient nonprofit organizations with less dependence on government grants and charitable contributions in their revenue mixes and streamline service offerings for impact and sustainability. For positive social change, supplying strategies for leaders in the global nonprofit industry to become more entrepreneurial in growing organization revenue for financial sustainability can decrease their dependence on government grants and charitable contributions to fund business operations and enable them to at least maintain or potentially increase the efficacy, efficiency, and effectiveness of their organizations' product and services deliveries to individuals, families, and communities. Both developments could allow leaders of nonprofit organizations to contribute even more significantly to business practices, economies, and societies.

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Appendix A: Semistructured Interview Protocol (Research Questions)

Interview Title: Exploring Strategies Nonprofit Leaders Employ to Grow Organization Revenue for Financial Sustainability when Charitable Contributions Cannot Fund Business Operations

1. Begin the interview protocol
2. Introduce myself to the participant
3. Thank the participant for taking part in my study
4. Discuss withdrawal options from my study, including record destruction
5. Notify the participant of anonymity and usage of the participant's pseudonym
6. Explain the process for member checking
7. Notify the participant of conversation recording and transcription
8. Begin the interview questions
9. Allow for related-probing questions as needed
10. Complete the interview questions
11. Thank the participant for participating in my study
12. Notify the participant that any follow-up or follow-through should be directed to my email
13. End the interview protocol

Appendix B: Semistructured Interview Protocol (Baldrige Questions)

Interview Title: Exploring my client organization using the 2019-2020 Baldrige Excellence Framework

1. Begin the interview protocol
2. Introduce myself to the participant
3. Thank the participant for taking part in my study
4. Discuss withdrawal options from my study, including record destruction
5. Notify the participant of anonymity and usage of the participant's pseudonym
6. Explain the process for member checking
7. Notify the participant of conversation recording and transcription
8. Begin the interview questions related to the 2019-2020 Baldrige Excellence Framework Organizational Profile, as segmented over 40 weeks
9. Allow for related-probing questions as needed
10. Complete the interview questions
11. Thank the participant for participating in my study
12. Notify the participant that any follow-up or follow-through should be directed to my email
13. End the interview protocol