


2019

# Strategies to Diversify Funding Sources in Nonprofit Organizations

Alan Lee Gunnerson  
*Walden University*

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# Walden University

College of Management and Technology

This is to certify that the doctoral study by

Alan L. Gunnerson

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

Dr. Rocky Dwyer, Committee Chairperson, Doctor of Business Administration Faculty

Dr. Janice Garfield, Committee Member, Doctor of Business Administration Faculty

Dr. Peter Anthony, University Reviewer, Doctor of Business Administration Faculty

Chief Academic Officer  
Eric Riedel, Ph.D.

Walden University  
2019

Abstract

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by

Alan L. Gunnerson

MS, The University of Dallas, 2006

MBA, The University of Dallas, 2003

BS, University of Nebraska-Kearney, 1984

Consulting Capstone Study Submitted in Partial Fulfillment  
of the Requirements for the Degree of  
Doctor of Business Administration

Walden University

March 2019

## Abstract

Although nonprofit organization (NPO) leaders play crucial roles in society, financial distress and vulnerability are common for many NPO leaders, with some NPOs closing as a result of these conditions. The purpose of this single-case study was to explore the diversification strategies used by 10 leaders and senior staff of an NPO in the mid-Atlantic region of the United States through the conceptual lens of Markowitz's modern portfolio theory. Data were collected through in-depth semistructured interviews and analysis of organizational documents, internal archival data, social media, literature, and online databases. Through thematic analysis, 7 revenue diversification themes emerged: adding revenue streams; establishing an operating reserve; establishing positive financial performance; achieving financial stability, sustainability, organizational capacity, and organizational resilience; using transparency; achieving efficiency and organizational effectiveness; and using a marketing strategy. Additionally, 7 key themes emerged: documenting and implementing systematic processes, developing an approach to process improvement, implementing cross-department action plans, increasing transparency, reversing the adverse trend in forum participation, building a data-management system, and increasing individual and organizational capacity. These findings have implications for positive social change, in that they may offer NPO executives new insights and strategies to support revenue diversification, thereby helping them to reduce volatility in funding, decrease financial risk, avoid dependence on sole-source revenue, and identify opportunities to increase flexibility in support of organizational goals and objectives to increase services.

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## Dedication

To my Lord and Savior Jesus Christ for molding me into the person that I am. I give thanks to Him for the many blessings that He has bestowed upon my family and me. To my wife and best friend, Myong, for her sacrifices, love, encouragement, and support. Your presence in my life has continued to influence me throughout my many years of educational endeavors. To my two wonderful children, Jessica and David, for their love, encouragement, and support. To my Walden University professors who kept me focused and provided valuable feedback, challenging me through the entire process. I am truly blessed.

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## Section 1: Foundation of the Study

In this study, I used the 2017-2018 Baldrige Performance Excellence Framework (2017a) to explore diversification strategies that nonprofit organization (NPO) executives use to grow funding sources. In keeping with the requirements of Walden University's consulting capstone, I served as a scholar-consultant, performing as both researcher and consultant.

### **Background of the Problem**

NPO leadership members play crucial roles in society. According to National Center for Charitable Statistics (NCCS) data, in 2013, the Internal Revenue Service had over 1.4 million 501(c)(3) NPOs registered; however, McKeever (2015) determined in a review of year-over-year data that the number of nonprofits declined between 4.5% and 5% from 2003 to 2013. While the reason for a decline in the number of nonprofits is unclear, Tevel, Katz, and Brock (2015) identified financial distress and vulnerability as potentially leading to decreased numbers of NPOs and closure of NPOs. Thus, financial vulnerability and distress represent increasingly important issues for NPO executives, especially after the economic and financial crisis of 2008-2010, which may have caused a shock to NPOs' annual budgets. Tevel et al. suggested that financial problems in an NPO might show up as a reduction in revenues or an increase in expenses, ultimately causing a reduction in services or programs offered. Researchers have established a relationship between revenue diversification and revenue volatility. When NPO executives decide to diversify their organization's revenue streams, the organization might reduce revenue volatility (Carroll & Stater, 2009; Grasse, Whaley, & Ihrke, 2016). Kingma (1993)



identified that nonprofit leaders seek to provide a certain level of services—in the for-profit parlance, a given level of expected return—while minimizing unpredictable changes in revenue—in the for-profit parlance, risk. I have presented the background to the problem, and I will now shift focus to the problem statement, purpose statement, and nature of the study.

### **Problem Statement**

Financial distress and vulnerability are common conditions for many NPO executives, with some NPOs closing as a result of these factors (Tevel et al., 2015). Using NCCS 990 Digitized Data, Chikoto, Ling, and Neely (2016) found that 69% of NPO leaders used three to six revenue streams out of 13 reported revenue streams, while 17.6% of the NPO leaders used one or two sources of revenue. The general business problem is that without strategies to bring in additional revenue, nonprofit executives are unable to adapt to internal and external disruptive change. The specific business problem is that some NPO executives lack diversification strategies to grow funding sources.

### **Purpose Statement**

The purpose of this qualitative single-case study was to explore diversification strategies that NPO executives use to grow funding sources. The targeted population for this study consisted of four executives, which included a chief executive officer, a coordinator for marketing and development, a coordinator for fundraising, and a chairman of the board of an NPO in the mid-Atlantic region of the United States who had successfully implemented diversification strategies to grow funding sources. This study has implications for positive social change in that the findings may enable NPO

executives to gain new insights and strategies to support revenue diversification to reduce volatility in funding, decrease financial risk, avoid dependence on sole-source revenue streams, and identify opportunities to increase flexibility in support of organizational goals and objectives to increase services.

### **Nature of the Study**

I used the qualitative method to interview and observe phenomena within an NPO setting to help ensure a real-world perspective. Researchers use qualitative research methods to produce rich and detailed accounts of organizational phenomena (Cornelissen, 2017). Holloway and Galvin (2017) identified that qualitative researchers capture the nature of phenomena with a focus on what a phenomenon is like, what goes on, perceptions, experiences and thoughts, and change and conflict. When academic researchers use the qualitative method, they may have an effect beyond academic journal readers and academic conference attendees (Granek & Nakash, 2016). A qualitative method was suitable for this study because my goal was to generate rich and detailed accounts of diversification strategies that NPO executives use to grow funding sources. Researchers use the quantitative method to examine relationships among numerically measured analyzed variables (Saunders, Lewis, & Thornhill, 2016) and to test a stated hypothesis (Uzonwanne, 2016). A quantitative method was not suitable for this study because I interviewed NPO executives regarding diversification strategies that they had used to grow funding sources, and I did not intend to measure analyzed variables numerically. Researchers use the mixed method to combine quantitative and qualitative data collection and analytical processes (Saunders et al., 2016). I did not need a combined

data collection and analytical process; therefore, the mixed method was not appropriate for this research.

Within the qualitative method, a researcher has several options, including case study, ethnography, grounded theory, phenomenological, and narrative designs (Saunders et al., 2016). When a researcher needs to explore a phenomenon, Yin (2018) stated that a case study design might be appropriate. Yin further noted that the scope of a case study encompasses the investigation of a contemporary phenomenon within a specific context or real-world environment. For this reason, I selected the case study design. According to Saunders et al. (2016), ethnographic researchers focus on the passive or active study of cultural or social groups. I did not select the ethnography design because I did not seek to understand people or groups through passive or active observation. In a phenomenological design, the researcher describes human experiences (Facchin & Margola, 2016; Fieril, Olsén, Glantz, & Premberg, 2017). Because my goal was to explore NPO leaders' strategies for revenue diversification by generating insights from interviews conducted in real-life settings, the phenomenological design was not appropriate for this study.

### **Research Question**

The research question for this study was as follows: What diversification strategies do nonprofit executives use to grow funding sources?

### **Interview Questions**

The interview questions for this case study were the following:

1. What strategies do you use to diversify and grow funding resources?

2. What are your strategic challenges and advantages related to revenue diversification and growing funding sources?
3. How have you addressed the key challenges to implementing your diversification strategies?
4. How would you describe the organization's current revenue sources and financial health?
  - a. What has been the growth of revenue sources while using diversification strategies?
  - b. How do you assess or determine the effectiveness of your diversification strategies to achieve the desired outcomes?
  - c. What are your key performance metrics for evaluating your financial outcomes?
5. What additional information would you like to share about strategies for diversifying revenue and growing funding resources?

### **Conceptual Framework**

Markowitz (1952) developed modern portfolio theory, which included a holistic method of investing that he referred to as the *efficient frontier*. Markowitz stated that diversified investment portfolios might help investors to maximize return while minimizing risk. Carroll and Stater (2009), Grasse et al. (2016), and Kingma (1993) applied Markowitz's modern portfolio theory to an NPO's revenue structure. Carroll and Stater observed that NPO leaders can benefit from revenue diversification—that is, reducing the NPO's revenue volatility and equalizing reliance on earned income,

investments, and contributions. Markowitz identified the following key constructs underlying the theory: (a) expected return as desirable and variance of return as undesirable, (b) diversified portfolios as preferred over nondiversified portfolios, (c) diversification across industries, and (d) diversification as reducing variance. When adapted to NPOs, the key constructs include the following: (a) diversified revenue streams across different sources, (b) growth in the number of revenue streams, (c) increased revenue stability, and (d) diminished financial risk (Carroll & Stater, 2009; Grasse et al., 2016; Kingma, 1993). I used Markowitz's modern portfolio theory, as adapted to NPOs by Carroll and Stater, Grasse et al. and Kingma, as the conceptual framework for this study.

According to Chikoto et al. (2016), grounded in Markowitz's theory is revenue diversification as a risk reduction strategy. When NPO executives decide to diversify the organization's revenue, leaders may reduce revenue volatility and increase an NPO executive's ability to manage the uncertainty of funding sources increases over time (Carroll & Stater, 2009). Markowitz's modern portfolio theory, as adapted to NPOs by Carroll and Stater, Grasse et al., and Kingma, was the lens that I used for this qualitative study to explore diversification strategies that nonprofit executives use to grow funding sources.

### **Operational Definitions**

The following are terms used throughout the study, which I have defined for the purposes of the research:

*Diversified revenue portfolio:* A means to decrease the instability of one revenue source, creating greater organizational sustainability and efficiency (Besana & Esposito, 2015).

*Financial health:* In this research, financial health is defined as measures beyond the closed system approach of accounting and revenue variables based on Prentice's (2016a) proposed view of financial capacity, financial resilience, and solvency.

*Financial stability:* The ability of nonprofit leaders to weather a temporary financial problem using management practices that reduce revenue portfolio volatility and increase predictability (Carroll & Stater, 2009; Kingma, 1993; Tevel et al., 2015; von Schnurbein & Fritz, 2017).

*Financial vulnerability:* The ability to recover from sudden financial shocks, which include sudden and unexpected loss of income and/or sudden and uncontrollable increase in expenditure (Cheuk, 2016).

*Modern portfolio theory:* Involves the development of an optimal portfolio of investments to maximize expected return while minimizing risk (Markowitz, 1952).

*Organizational capacity:* Human and structural features that facilitate an organization's leadership ability in offering programs and services (Lee & Nowell, 2015).

*Organizational resilience:* The ability of organizational leadership to respond productively to significant disruptive change and transform challenges into opportunities (Witmer & Mellinger, 2016).

*Revenue diversification:* A strategy in which organization leadership diversifies the revenue for the business to reduce revenue volatility (Markowitz, 1952).

*Revenue volatility*: The fluctuation or volatility of revenue sources from period to period (Jordan, Yan, & Hooshmand, 2017; Wicker, Longley, & Breuer, 2015).

### **Assumptions, Limitations, and Delimitations**

This section presents the assumptions and limitations pertaining to the study.

Barnham (2015) stated that individuals frame or see the world and make distinctions through their perceptual judgments; therefore, researchers conducting qualitative research should state their underlying assumptions and limitations in the pursuit of objectivity.

#### **Assumptions**

Schoenung and Dikova (2016) noted that assumptions are views that a researcher accepts as true or takes for granted that have no or little support of the truth. I applied four assumptions to my study. My first assumption was that the participants would provide honest, open, frank responses and would actively participate in responding to the criteria questions in the Baldrige Performance Excellence Framework. Roulston and Shelton (2015) emphasized the importance of researchers remaining unbiased in their research. Therefore, my second assumption was that in my role as a scholar-consultant and researcher, I would be objective and would not show bias in collecting or analyzing material from my nonprofit client. My third assumption was that Markowitz's (1952) modern portfolio theory adapted to nonprofit organizations by Carroll and Stater (2009), Grasse et al. (2016), and Kingma (1993) offers an appropriate method for nonprofit leaders to understand and incorporate revenue diversification strategies to grow funding sources. My final assumption was that semistructured telephonic and face-to-face interviews, research into my nonprofit client's internal and external material, and

Baldrige Performance Excellence Framework criteria would allow for sufficient data analysis and saturation.

### **Limitations**

Marshall and Rossman (2016) noted that limitations are uncontrollable potential weaknesses that may have an impact on a study. The first limitation of this study was that I only gained information on experiences from one nonprofit organization from the mid-Atlantic region of the United States and did not gather information on experiences from leaders of other nonprofit organizations. The second limitation was that data gained from semistructured interviews with leaders and research on one nonprofit organization's internal and public documents might have yielded data that reflected the circumstances of one organization, therefore lacking generalizability across the nonprofit sector. I leave the reader with the opportunity to judge the transferability of this single-case study to another setting in which the reader might be interested in conducting further research. The third limitation was that I limited the population to ten executives of a single NPO in the mid-Atlantic region of the United States who used revenue diversification strategies to grow funding sources.

### **Delimitations**

Delimitations refer to the boundaries that a researcher places on a study (Marshall & Rossman, 2016; Yin, 2018). In this case study, my first delimitation was the study's scope: exploring revenue diversification strategies that grow funding sources for one NPO in the mid-Atlantic region of the United States. However, the NPO had multimillion-dollar revenue. My second delimitation was my interviews; I conducted



face-to-face and telephonic interviews with four executives of an NPO that had operated for 29 years. My third delimitation was that the executives needed to meet eligibility criteria. The executives of my nonprofit client had experience in implementing revenue diversification strategies. Other delimitations included the geographic area and the length of time working with the nonprofit that participants possessed. I used the Baldrige Excellence Framework to gain a holistic or systems-based perspective and an in-depth understanding of my client organization, enabling me to understand financial decisions from both internal and external perspectives.

### **Significance of the Study**

This study may have value for the practice of business because NPO executives could use revenue diversification strategies to grow funding sources, which might reduce volatility in funding and diminish financial risk. The composition of an NPO's resource portfolio might influence the impact of diversification; however, further diversification does not always lower volatility (Tevel et al., 2015). Tevel et al. (2015) argued that revenue diversification is a sound risk-reducing strategic financial management measure. Von Schnurbein and Fritz (2017) further emphasized that revenue diversification is a common approach that NPO executives use to increase financial stability and provide financial sustainability.

### **Contribution to Business Practice**

This study has potential professional or practitioner application in that it offers information on diversification strategies to grow funding sources. The significance of revenue diversification is that NPO executives may achieve or maintain financial

viability by using sound financial management practices. In doing so, NPO executives may reduce financial volatility and increase NPOs' services to their communities.

Scholars and researchers may benefit from evidence that supports the use of revenue diversification strategies.

### **Implications for Social Change**

The study's implications for positive social change include the potential to contribute to nonprofit governance literature and promote nonprofit revenue diversification strategies. NPO executives continue to seek responsibility in projects or initiatives intended to create social change (Shier & Handy, 2015). Increased revenue from a diversified portfolio may enable NPO executives to benefit the communities they serve through continued mission fulfillment, while members of society may benefit when community members receive NPO critical services.

### **A Review of the Professional and Academic Literature**

The purpose of this qualitative single-case study was to explore diversification strategies that NPO executives use to grow funding sources. Nonprofit leaders face challenges on a daily basis—most notably, lack of adequate funding—that make it difficult for them to fulfill their missions (Rottkamp & Bahazhevskaya, 2016).

Researchers and scholars use literature review to build a foundation for strong scholarly work (Steinert & Thomas, 2016), reviewing previous studies to identify salient information regarding a topic (Baker, 2016), and often to set the direction of a study (Onwuegbuzie & Weinbaum, 2017). For this qualitative single-case study, I reviewed literature on the strategies that nonprofit executives have used to diversify their revenue

streams to grow funding sources and secure sustainable funding. I used the Walden University Library databases, Google Scholar, and various U.S. government websites to acquire articles, seminal scholarly books, and data for the literature review. I used ABI/INFORM Complete, Academic Source Complete, Business Source Complete, Business Source Premier, EBSCO Open Access Journals, Emerald, Gale, Google Scholar, Pearson Education, ProQuest Central, Sage Journals, Sage Premier, and ScienceDirect as academic, peer-reviewed databases to complete the literature review. I accessed government and professional NPO websites to obtain information about revenue diversification strategies for NPOs. My strategy for searching through existing literature involved the use of keywords and phrases, a specific period, and specific databases. When searching, I gave preference to research articles from 2015 and later.

Second, I gave preference to articles that were available via the Walden University Library's collections. The keywords and phrases that I used in my search were *nonprofit donations, nonprofit efficiency, nonprofit funding, nonprofit governance, nonprofit organization, nonprofit marketing, nonprofit performance, nonprofit revenue diversification, resiliency, fundraising, funding sources, sustainability, and transparency*. When I used the word *nonprofit*, I included the variations *non-profit* and *non profit* in my searches.

For every journal article I used, I investigated the periodical's peer-reviewed status using either Ulrich's Periodicals Directory or the periodical's website. When checking the periodical's website, I looked for evidence of a peer-review mechanism. For ease of identification, I kept a database of peer-reviewed and non-peer-reviewed

periodicals that I used. Additionally, if a research article did not present a Digital Object Identifier (DOI), I used CrossRef to determine whether if the article had a DOI.

For Walden’s Doctor of Business Administration (DBA) program, 85% of academic sources referenced in a doctoral capstone must have publication dates within 5 years of the expected date of graduation, thus representing the most up-to-date information available. To adhere to Walden’s academic requirement of 85% for the doctoral study, I researched 318 academic sources, of which 90.25% were from 2015 to 2019, and 93.4% were peer-reviewed. To adhere to Walden’s academic requirement of 85% for the literature review, I researched over 183 academic sources, 90.16% of which were from 2015 to 2019, and over 96.17% of which were peer-reviewed. Table 1 provides a breakdown of the source content.

Table 1

*Literature Review Source Content*

Literature review content	Total #	# between 2015-2019	% between 2015-2019	% peer reviewed	% total peer-reviewed/ authoritative sources, 2015-2019
Peer-reviewed articles	149	143	95.98%	100%	95.98%
Non-peer-reviewed articles	3	2	66.67%	0%	0%
Seminal works (peer reviewed)	7	0	0%	100%	0%
Books (seminal works)	3	0	0%	100%	0%
Books	2	2	100%	0%	0%
Dissertations	2	2	100%	0%	0%
Online resources (authoritative)	17	17	100%	100%	100%
Total	183	166	90.7%	96.17%	90.7%

## **Application to the Applied Business Problem**

I used the purpose statement and research question to shape the content of the literature review. The findings of the review may provide an understanding for future researchers and their studies, as well as for nonprofit executives researching revenue diversification strategies to grow sources of revenue. The purpose of this qualitative single-case study was to explore diversification strategies that NPO executives use to grow funding sources.

The targeted population for this study initially consisted of four executives that grew to 10 executives and staff, including the chief executive officer, coordinator for marketing and development, coordinator for fundraising, and chairman of the board of an NPO in the mid-Atlantic region of the United States who had successfully implemented diversification strategies to grow funding sources. The study's implications for positive social change might include the potential to contribute to nonprofit governance literature and promote nonprofit revenue diversification strategies.

## **Nonprofit Organization Defined**

**Internal Revenue Code.** Under the Internal Revenue Code (IRC), all charities are nonprofits, but not all nonprofits are charities (Garven, 2015). According to the Internal Revenue Service (2018a), tax-exempt NPOs—501(c)(3) public charities and other NPOs—include charitable organizations, churches and religious organizations, and private foundations. Public charities are charitable nonprofits that have many different missions (National Council of Nonprofits, 2018b). Public charities normally have a broad base of financial support, while private foundations are organizations that are unable to

raise sufficient revenue from the general public and rely on support from a small number of donors (Karl, 2015). An NPO's leadership uses surplus revenues to achieve the NPO's mission; in an NPO, unlike a for-profit organization, leadership does not distribute surplus revenue as profits or dividends (Cheuk, 2016).

The Internal Revenue Service (2018b) further classifies charities and nonprofits through the IRC as 501(a) other nonprofit or tax-exempt organizations; 501(c)(3) charitable, religious, and educational organizations; and 501(c)(4) social welfare organizations. Under section 501(c)(3), NPOs are commonly referred to as charitable organizations and must follow the prescriptions within the IRC, including (a) not organizing or operating to benefit a private interest, such as the creator or the creator's family, shareholders of the organization, other designated individuals, or persons controlled directly or indirectly by such private interests; and (b) ensuring that no part of the NPO's net earnings inure to the benefit of a private shareholder or individual, defined as a person having a personal or private interest in the organization's activities (Internal Revenue Service, 2018c). Additionally, a 501(c)(3) organization may not influence legislation or participate in a political or lobbyist organization (Internal Revenue Service, 2017a).

In 2016, the NCSS reported that there were 1,571,056 tax-exempt organizations, consisting of 1,097,689 public charities, 105,030 private foundations, and 368,337 other types of NPOs. Using an NCSS datafile that ended in 2013, Garven (2015) found that approximately 75% of NPOs met criteria for 501(c)(3) tax-exempt status. Garven

emphasized that although NPOs are allowed to earn a profit, an NPO's leadership must reinvest any profit in the organization.

**Governance.** Murphy (2016) wrote that there must be clarity of roles, responsibilities, and authority among an NPO's management and its governing board. Depending on the size, an NPO governance structure usually consists of a board of directors (the board), including the board chair (also known as director or chairman of the board), executive director (chief executive officer or president), functional committees, assistant directors aligned to functions (e.g., finance, operations, education, communications or marketing), staff, and volunteers. The alignment of the assistant directors and staff depends on an NPO's size and mission. Overall, the board has the fiduciary responsibility of governing the NPO (Bernstein, Buse, & Slatten, 2015) and provides strategic guidance to the executive director on the direction for the NPO (Bernstein, Buse, & Bilimoria, 2016). Additional responsibilities of the board include strategic planning, monitoring the NPO's performance and impact, providing legal and ethical oversight, providing financial oversight, evaluating and providing guidance and support to the chief executive, assisting in community relations and outreach, and recruiting new board members (Bernstein et al., 2016).

The NPO board chair executes critical relationships with three parties in the NPO: the board, the executive director, and external stakeholders or the community (Freiwirth, Burns, Gifford, & Hiland, 2017). Regarding the relationship to the board, the NPO board chair (a) keeps the board's focus on the strategic direction of the NPO, (b) ensures that the board fulfills its governance responsibilities, and (c) presides over and manages board

meetings (Freiwirth et al., 2017). Regarding the relationship to the executive director, the board chair (a) meets with and communicates with the executive director regularly, (b) performs as a leadership partner, (c) performs as the executive director's sounding board, (d) performs as a consultant on operational issues for the executive director, and (e) provides supervision to the executive director as required (Freiwirth et al., 2017). Regarding the relationship between stakeholders and the community, the board chair engages with the community by attending community events and promoting the involvement of constituents (Freiwirth et al., 2017). The executive director of an NPO oversees the day-to-day operations of the NPO along with assistant directors or managers, works with the board and the board chair to facilitate the strategic direction of the NPO, and provides performance information to the board pertaining to the current and future operations of the NPO (Langer & LeRoux, 2017; Leroux & Langer, 2016; Murphy, 2016).

### **Modern Portfolio Theory, as Adapted to Nonprofit Organizations**

Nonprofit leaders face challenges on a daily basis, most notably involving lack of adequate funding, that make it difficult for them to fulfill their missions (Rottkamp & Bahazhevska, 2016). Adding to these challenges, the environment in which these leaders operate in is increasingly competitive (Charles & Kim, 2016) due to growing intrasector competition for donors, grants, and government contracts and the attraction of commercial providers to the sector. Because of increased competition for revenue, nonprofit executives have started to consider various techniques to bring in additional revenue (Charles & Kim, 2016). One such technique that nonprofit executives may use to



bring in multiple streams of revenue is revenue diversification. Revenue diversification is a concept derived from Markowitz's (1952) modern portfolio theory. In the following section, I discuss Markowitz's modern portfolio theory and further address three sets of researchers who adapted modern portfolio theory to NPOs—Carroll and Stater (2009), Grasse et al. (2016), and Kingma (1993).

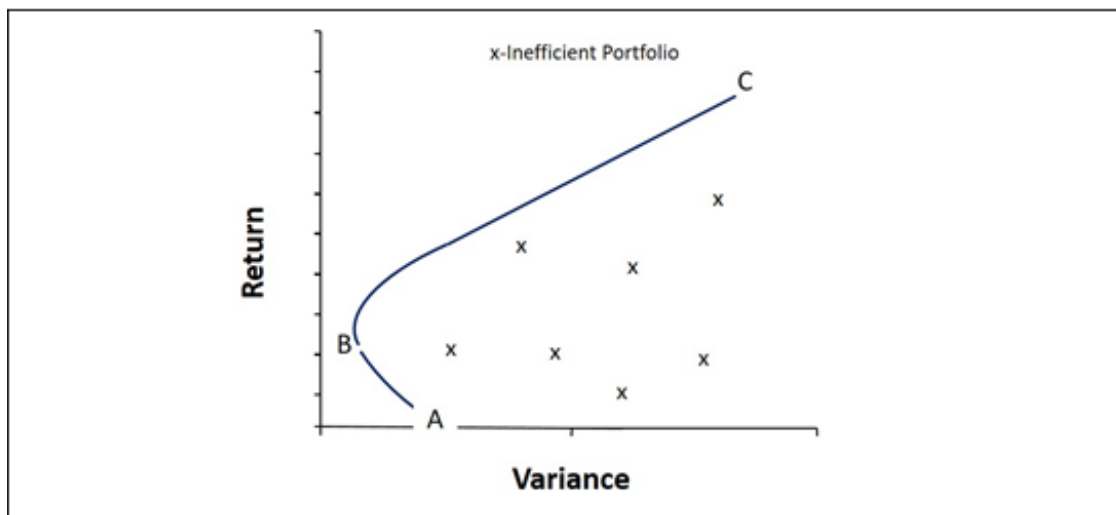
**Modern portfolio theory.** Corporate diversification is a common strategy in the corporate and for-profit sector, and many organizations use financial diversification as a strategy to improve their financial positions (Adebola-Wilson, 2017; da Silva Lopes, 2015). Da Silva Lopes stated that when a company undergoes corporate diversification, the leadership normally increases the number of businesses that leaders operate, allowing the business to grow. In finance and investing, financial researchers and practitioners have researched efficient ways of allocating various assets. In this setting, an efficient portfolio is a portfolio that yields the highest possible return given a certain level of risk that the investor is willing to take. Portfolio managers and an existing quantitative body of knowledge include a significant amount of research on the matter of diversification. Out of these quantitative models, one pioneered by Markowitz stands out. In *Portfolio Selection*, Markowitz (1952) developed a modern portfolio theory focused on a mean-variance (M-V) analysis model. Markowitz's work introduced a groundbreaking diversification concept, for which he later received the John von Neumann Theory Prize in 1989 (Kritzman & Markowitz, 2017) and the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel in 1990 (Krasniqi, Topxhiu, & Rexha, 2016;

Kritzman & Markowitz, 2017). The main proposition of Markowitz's modern portfolio theory is risk minimization through portfolio diversification (Adebola-Wilson, 2017).

***Efficient frontier.*** Markowitz (1952) was among the first scholars to encourage investors to diversify their financial options across different assets (Adebola-Wilson, 2017; Biswas, 2015). Markowitz was the first person to show quantitatively why and how diversification reduces risk (Biswas, 2015; Kritzman & Markowitz, 2017); in this way, Markowitz's work triggered and then fostered a vast amount of research in mainstream finance (Rutterford & Sotiropoulos, 2016). At the time of Markowitz's seminal publication, scholars and practitioners touted the law of large numbers—Bernoulli's theorem—and Markowitz rejected this theorem in the case of a portfolio of securities. Scholars and practitioners suggested that the risk (variance) would, in effect, be diversified away (Markowitz, 1952). Markowitz, however, stated that due to the prevalent interdependency and complexity in financial markets, the investor or practitioner using diversification could not eliminate all variance. Markowitz asserted that a trade-off relationship between return and risk (variance) where the investor perceived variance as a measure of risk existed. Markowitz contended that investors looked at expected return (the mean) vice maximum return, referring to this relationship as the *E-V rule*. Scholars refer to this trade-off as the *mean-variance optimization* (Zhang, Chen, Jin, & Li, 2017). According to Markowitz, an investor makes a portfolio allocation for a single upcoming period, where the goal is to maximize the expected return against a selected level of risk (Esfahani, Sobhiyah, & Yousefi, 2016). According to Markowitz, the E-V rule implies not just diversification, but also the right type of diversification for

the right reason, one that diversifies across sectors or industries. The portfolios that offer the minimum risk for a given level of return form the *efficient frontier*.

In Figure 1, Grasse et al. (2016) depicted the *efficient frontier*, ranging from the apex of the curve on the left (point B) all the way to the top right (point C). Grasse et al. specified that this line depicts the possible revenue portfolios that will allow the organization to maximize return (along the y-axis) while minimizing variance (along the x-axis). All other revenue portfolios inside the curve, illustrated by an x, are inefficient because those portfolios do not maximize return given the portfolio's risk (Grasse et al., 2016).



*Figure 1.* Efficient frontier depicted graphically. Modified from “Modern Portfolio Theory and Nonprofit Arts Organizations: Identifying the Efficient Frontier” by N. J. Grasse, K. M. Whaley, and D. M. Ihrke, 2016, *Voluntary Sector Quarterly*, 45, p. 829. Copyright 2016 by the Authors and SAGE Publications, Inc. Reprinted with permission.

**Systematic risk.** Biswas (2015) defined *systematic risk* (beta) as the inherent and nondiversified risk of an investment caused by economic or market changes. Economic and market changes that affect systematic risk include interest rates, money supply,

taxation, exchange rates, prices of a commodity, and government spending (Biswas, 2015). Kadan, Liu, and Liu (2016) broadened the term *systematic risk* to refer to the portion of the total portfolio risk allocated to each asset in a portfolio. A portfolio manager—or, in the case of an NPO, leadership—cannot diversify away systematic risk (Babenko, Boguth, & Tserlukevich, 2016; Biswas, 2015; Kadan et al., 2016; Rutterford & Sotiropoulos, 2016).

***Unsystematic risk.*** Biswas (2015) defined unsystematic risk as the associated risk that was not related to economic and market changes and is diversified. Unsystematic risk is considered firm-specific risk, and portfolio managers, using modern portfolio theory can reduce the overall risk of the portfolio through diversification. (Biswas, 2015; Markowitz, 1952; Rutterford & Sotiropoulos, 2016; Song, Park, & Lee, 2017). Unsystematic risk includes changes in the company, including loss of a major company product, changes in senior management, or changes in technology requiring changes to the firm (Iraya & Wafula, 2018; Song et al., 2017).

***Risk tolerance and aversion.*** The definition of risk tolerance can take on different meanings, whether as a constant characteristic or based on external circumstances (Weber & Klement, 2018). Jung, Lee, Lerman, and Kable (2018) described risk tolerance as an individual's willingness to tolerate risk to achieve a greater expected return. The higher risk tolerance an investor has, the potential award of high return and on the other end, the possibility of loss of all or part of their investment. Investment risk is the possibility of loss of investment and investors may be either risk tolerant or risk-averse. In finance and

economics, an investor who is risk averse would be willing to build a portfolio with a lower expected return to avoid risk (Bruno, Ahmed, Shapiro, & Street, 2016).

Markowitz's (1952) modern portfolio theory attempted to maximize expected return for a given amount of risk within the portfolio, whether that level was, for example, risk aversion or highly risk tolerant (Esfahani et al., 2016; Javanmardi & Lawryshyn, 2016). Markowitz presumed that investors were rational individuals and had consistent probability beliefs and the associated markets were efficient, and the result of the two was a normally distributed random variable. When an individual brings in additional assets into the portfolio that had different returns and variances, the investor would see a reduction of the total variance or risk (Markowitz, 1952).

**Reflection.** In a 2017 interview, Markowitz reflected on writing his seminal work, at that time his Ph.D. in economics dissertation, which he later published in 1952, stating that the mean-variance method that he recommended was correct (Kritzman & Markowitz, 2017). Using monthly data from 2000 through 2009, a period that included the 2008 stock market crash, Loviscek (2015) tested the effectiveness of an application of modern portfolio theory compared against the Standard & Poor's 500 and found that modern portfolio theory portfolios outperformed the Standard & Poor's 500. Modern portfolio theory provided *value-added* over the Standard & Poor's during the years from 2000 through 2009 (Loviscek, 2015). Loviscek (2015) found that over the 10-year period, modern portfolio theory portfolios registered a cumulative return of 77%, while the Standard & Poor's 500 registered a -9.10% cumulative loss.

*Modern portfolio theory prominence.* During the years following Markowitz's 1952 seminal work, his contribution to the modern portfolio theory has played a prominent role in modern investment theory (Bessler, Opfer, & Wolff, 2017). Despite decades of research, debate, and testing, Markowitz's mean-variance modern portfolio theory has remained the cornerstone of asset allocation, investment analysis, and risk management (Bessler et al., 2017; Li, Wu, & Zhou, 2017). One only needs to perform a simple search on the Internet to find hundreds of examples of organizations using modern portfolio theory and the *efficient frontier* to assist in making critical financial and nonfinancial decisions.

Although Markowitz presented the M-V analysis 66 years ago, the modern portfolio theory he presented is as relevant today as it was then and the 1970s when both stocks and bonds in the markets simultaneously fell. In a 2017 interview, Markowitz answered a question about the 2007-2009 global financial crisis and if the 2007-2009 crisis disproved the modern portfolio theory (Powell, 2017). Markowitz stated that the 2007-2009 crisis not only proved the modern portfolio theory, but he also stated that when investors rebalance their portfolio based on (a) personal acceptable risk or (b) the external investment environmental changes, their portfolio might perform better (Powell, 2017). Kaplan (2014) stated that because investors and investment advisors use volatility-based weighting, they are returning to Markowitz's 1952 theory. Beketov, Lehmann, and Wittke (2018) further emphasized that nearly 40% of the 219 analyzed Robo Advisors—online investment management that includes moderate or minimal human intervention

and uses mathematical rules or algorithms—used the modern portfolio theory as the underlying methodological framework to provide advice.

**Modern portfolio theory used in other industries.** The modern portfolio theory's main proposition was risk minimization through portfolio diversification (Adebola-Wilson, 2017). It is because of this risk minimization through portfolio diversification that has made the theory usable beyond the financial and economic sectors in supporting decision making. I provide five different examples illustrating the use of modern portfolio theory beyond asset analysis, investment analysis, and risk management. First, modern portfolio theory and portfolio selection were highly encouraged tools in managing a wide range of ecosystem services (Alvarez, Larkin, & Ropicki, 2017). In Alvarez et al. (2017), the portfolio manager utilized both the modern portfolio theory and portfolio selection model to manage a fishery, optimizing the returns of the fishery over time, and providing fishery-wide recommendations on total allowable catch policies, maximizing the variability of those returns.

Second, modern portfolio theory was used to find optimal combinations of water resource infrastructures regarding diversification (Shin & Park, 2018). Using a drought case study in Korea, Shin and Park (2018) used modern portfolio theory to quantify the cost-effectiveness of diversification of water resource infrastructures. Third, modern portfolio theory was a highly accepted methodology to meet the challenges associated with the definition of energy planning for a particular territory or region (deLlano-Paz, Calvo-Silvosa, Antelo, & Soares, 2017). In this case, deLlano-Paz et al. (2017) described how energy planners used the modern portfolio theory to solve for an optimum portfolio

of energy technologies while minimizing either the cost or the risk of the portfolio and defining the real electricity generation assets as cost or return and economic risk for each alternative technology. Fourth, modern portfolio theory used in conjunction with the harmony search algorithm, allowed business leaders to decide on projects to spend money on within their businesses (Esfahani et al., 2016). Organizational leaders normally have limited capital to invest in projects and having the capability to determine an optimal mix of projects, utilizing tools like modern portfolio theory and the harmony search algorithm, is a clear advantage over other organizations (Esfahani et al., 2016). Leaders would look closer at the projects that were closest to the modern portfolio theory *efficient frontier*, in other words, those that demonstrated more profitability while minimizing risk, and potentially deciding to choose those projects for the business (Esfahani et al., 2016). Fifth, Costa-Silva, Almeida, Pimenta, and Segantini (2017) used modern portfolio theory to analyze the optimal allocation of offshore wind farms on the United States east coast. Costa-Silva et al. found that by using the modern portfolio theory, they were able to allocate offshore wind farms across different locations while gaining diversification while reducing the variability of hourly wind power changes of each wind turbine.

**Modern portfolio theory as adapted to nonprofit organizations.** As shown in the five examples of how organizational leaders used Markowitz's (1952) modern portfolio theory to make nonfinancial decisions, the use of modern portfolio theory in the nonprofit sector is also different. Carroll and Stater (2009), Grasse et al. (2016), and Kingma (1993) adapted the modern portfolio theory to help nonprofit leaders to diversify



their organization's revenue streams. Kingma adapted the modern portfolio theory to find the optimal number and combination of revenue streams to minimize risk to the nonprofit organization. Carroll and Stater wrote that nonprofit leadership might increase financial stability, and thus financial health, by adding additional revenue streams. Using Kingma's nonprofit portfolio theory, Grasse et al. examined the nonprofit organization revenue structures to identify theoretically ideal revenue portfolios through examining the risk, return, and covariance of revenue streams. Markowitz noted that there were tradeoffs between expected return against a selected level of risk. In adapting modern portfolio theory to NPOs, there is a risk-return tradeoff between revenue streams that help achieve stability and expected revenue (Carroll & Stater, 2009; Grasse et al., 2016; Kingma, 1993).

*Markowitz's modern portfolio theory, as adapted to NPOs by Kingma (1993).*

Kingma in his seminal research text, modeled and tested factors that might influence a nonprofit organization's financial predictability. Using Markowitz's (1952) modern portfolio theory sometimes referred to as financial portfolio theory, Kingma modeled a nonprofit's optimal combination of revenue streams to minimize financial risk. Kingma related expected investment return, and risk found within modern portfolio theory with revenue growth and volatility with annual revenue changes found in portfolio theory. Kingma further related profit portfolios with nonprofits with identifying that nonprofit managers were able to choose a level of risk and return by selecting different streams of financing. While adapting Markowitz's modern portfolio theory, Kingma extended Chang and Tuckman's (1991a, 1991b) theory of measuring revenue diversification using

the Herfindahl-Hirschman Index (HHI), by adjusting the HHI to account for covariance across revenue streams. The HHI, ranging from zero to one with the increasing values meaning more diversification, is a measurement of the level of concentration in a given industry and an accepted indicator of market concentration (Brezina, Pekár, Čičková, & Reiff, 2016; Jordan et al., 2017). When used for nonprofit organizations, the nonprofit leader or the researcher will use the HHI to measure revenue concentration (Brezina et al., 2016; Chikoto, Ling, & Neely, 2016; Daniel & Kim, 2016; Grasse et al., 2016). However, Kingma criticized the use of HHI and recommended the use of variance-covariance measures.

Kingma (1993) expressed that economists had modeled ways for-profit portfolio managers diversified the organization's revenue streams to minimize financial risk, but researchers had accomplished little to model nonprofit organizations. Using widely-accepted portfolio-choice financial models and applying those models to a model of nonprofit financial predictability, Kingma undertook the challenge to bridge the gap between portfolio theory and financial risk. Kingma defined financial predictability as the nonprofit leadership's ability to accurately determine annual changes in the nonprofit's revenue, which was the same definition to the portfolio manager's definition of risk from Markowitz (1952)—the variance or standard deviation of return from the expected return on an asset or portfolio. Kingma believed that if nonprofit leaders were able to predict revenue resources or anticipate increases or decreases, the nonprofit leader would lower the organization's financial risk. However, the opposite was also true, if the nonprofit

leadership could not predict or anticipate increases and decreases in revenue, the nonprofit's financial vulnerability increases (Kingma, 1993).

To lower financial vulnerability, Kingma (1993) advocated for revenue diversification. However, Kingma found that to choose the correct level of revenue diversification; the nonprofit leader must consider (a) the variance of all streams of revenue, (b) the covariance between those streams, and (c) the expected level of growth of each stream. Kingma utilized Chang and Tuckman's (1991a, 1991b) argument that nonprofit leaders should have a diversified revenue base. Chang and Tuckman (1991a) explored the NPO leadership's ability to avoid direct program cutbacks when faced with financial downturns and their ability to survive and presented financial vulnerability as the measure of performance and provide a financial profile of an *at-risk* organization. Tuckman and Chang (1991) defined an NPO financial vulnerable when leaders cut service offerings when a financial shock occurs. Further, Tuckman and Chang emphasized that NPO leaders must have financial flexibility, having access to equity balances (liquidity), many revenue resources (revenue diversity), high administrative costs (the ability to cut costs), and high operating margins (the ability to set aside funds to build equity).

*Markowitz's modern portfolio theory, as adapted to NPOs by Carroll and Stater (2009).* In their seminal work, Carroll and Stater investigated whether revenue diversification in NPOs led to the NPO's greater stability. In their findings, Carroll and Stater stated that NPO leadership, when they diversify revenue for the organization, revenue volatility is decreased, encouraging financial stability through additional revenue

streams. Carroll and Stater focused on determining an NPO's revenue stability based on certain financial measures, including revenue diversification, operating margins, and debt ratio. Following Markowitz's (1952) seminal work, Carroll and Stater stated that researchers and practitioners adapted modern portfolio theory for application to resource acquisition strategies of mission-driven organizations, like nonprofit organizations. In doing so, Carroll and Stater emphasized the modern portfolio theory principles as related to revenue diversification, where nonprofit organization leadership diversifies business revenue to reduce revenue volatility and increase financial stability. NPO revenue generation can take many forms, including grants, service contracts, sales of goods and services, and various fund-raising events. However, Carroll and Stater raised caution and asserted that NPO leaders might request to change the organization's mission based on certain revenue generation strategies. One such strategy includes revenue concentration versus revenue diversification. Carroll and Stater, following Kingma's (1993) seminal work, stated that when nonprofit leaders adopted a strategy of balanced revenue diversification, not only does the nonprofit leadership experience stability, but longevity and sustainability of the revenue streams may also occur.

Carroll and Stater (2009) assumed that NPOs that were financially healthy would have an increased capability to continue to work their organizational mission and would have a reduced likelihood of insolvency and eventual closure. Carroll and Stater further investigated the factors of nonprofit revenue volatility to allow them to adopt their recommendation of using revenue diversification as a financial management strategy. An

NPO revenue diversification strategy includes a relatively equal use of revenue generated donative income, earned income, and investment income (Carroll & Stater, 2009).

Using a dataset of 294,543 nonprofit organizations from a period of 1991-2003, Carroll and Stater (2009) found that (a) revenue diversification reduced revenue volatility over time; (b) organization leaders that used more diversified portfolios were less volatile over time, therefore, diversification seemed to be an effective method in reducing instability and dependence on any one revenue source; and (c) nonprofit leaders that rely mainly on contributions appeared to experience greater levels of instability (Carroll & Stater, 2009). Scholars and practitioners have used Carroll and Stater's seminal work when describing nonprofit organization revenue diversification.

*Markowitz's modern portfolio theory, as adapted to NPOs by Grasse et al. (2016).* While examining four sources of revenue for arts nonprofit organizations—government grants, direct contributions, indirect contributions, and program service revenues—Grasse et al. built on Kingma's (1993) seminal nonprofit revenue portfolio work through executing the theoretical modeling stated in Kingma's seminal work. Grasse et al. utilized Kingma's framework to study nonprofit revenues. While building on Kingma's work, Grasse et al. examined and tested Markowitz's (1952) modern portfolio theory, illustrating Markowitz's *efficient frontier* (refer to Figure 1), and maximizing revenue growth while lessening the risk variance. Exploring the idea of financial predictability, Grasse et al., stated that revenue sources might have potential interactions that affect risk and revenue factors. Therefore, Grasse et al. explored which mixture of revenue streams, including government grants, direct contributions, indirect

contributions, and program service revenues that would lead to revenue growth, while providing a level of risk that NPO leaders could tolerate. Finding the optimal diversification strategy may not include all four elements, and in some cases, more diversification may not provide the desired benefits. Markowitz's *efficient frontier* reflected the ideal investment portfolio composition to maximize return while minimizing risk (Grasse et al., 2016). Grasse et al. further advocated that portfolio theory was one tool nonprofit leaders and practitioners might consider to leverage revenue structures and provide a cushion when faced with financial shocks or disruption of any one revenue stream. Grasse et al. emphasized that nonprofit leaders who diversify their financial revenue would benefit from that diversification because of the reduction of financial vulnerability. Grasse et al.'s assertion followed Carrol and Stater (2009) and Chang and Tuckman (1991b, 1994).

Using NCCS IRS Form 990 cleansed data from 1998 to 2003 from 501(c)(3) arts organization and history museum NPOs, Grasse et al. (2016) found that diversity became less efficient if NPO leaders target higher levels of return. Using the HHI, Grasse et al. showed the advantages and disadvantages of revenue diversification. The higher the diversification, for example in a higher HHI, Grasse et al. stated that NPO leaders might incur inefficiency in some cases. Further, Grasse et al. stated when researchers generalize revenue diversification in their discussions, researchers could misrepresent diversification and could lead NPO leaders astray. Grasse et al. recommended that NPO leaders should also consider other revenue diversification qualities, including the potential for growth, interactions with other streams, and level of risk inherent in each stream. In closing their

research, Grasse et al. encouraged NPO leaders to consider modern portfolio theory as one tool to help in making decisions related to revenue acquisition. However, Grasse et al. cautioned NPO leaders to strategically diversify revenue sources to maximize benefit, rather than exploring and implementing revenue strategies for the sake of expanding. Further, implementing revenue diversification strategies without a knowledge of the risk, the expected return, and the environment in which the NPO leadership operates could have disastrous complications to the NPO (Grasse et al., 2016).

### **Modern Portfolio Theory-Derived Revenue Diversification**

NPOs provide a significant contribution to the U.S. economy (Charles & Kim, 2016; National Council of Nonprofits, 2018a) employing 11.4 million people, or 10.2% of the U.S. workforce (National Council of Nonprofits, 2018a). Because of the rapid changing environment (Froelich, 1999; Horvath, Brandtner, & Powell, 2018), including increased competition and uncertainty, NPO leaders may incur difficult daily operations, potentially requiring changes in the NPO (Álvarez-González, García-Rodríguez, Rey-García, & Sanzo-Perez, 2017; Dobrai & Farkas, 2016; Grasse et al., 2016; Shea & Hamilton, 2015). Competition in the nonprofit sector has dramatically intensified in the past 20 years because of (a) the increased number of NPOs, (b) the decline and diffusion of governmental support, and (c) the entry of for-profit companies into markets that traditionally have been the domain of NPOs (Topaloglu, McDonald, & Hunt, 2018). Shea and Hamilton defined environmental uncertainty as the uncertainty that comes from stresses external to the NPO, including changing economic conditions, regulations, public policy, and customer preferences. A key responsibility of NPO leadership is to ensure

that there is enough operational revenue to perform the NPO's mission while providing for operating costs and expenses (Charles & Kim, 2016; Gaver, Harris, & Im, 2016). However, West and Ries (2017) highlighted that one of the challenges NPO leadership face is ensuring the NPO has enough funding to accomplish the NPO mission and to have enough financial reserves. An NPO's mission and objectives direct the behaviors of NPO leadership, often causing leaders to maximize services while operating under the nonprofit nondistribution constraint (Kim & Kim, 2016). Because of the nondistribution constraint (Kim & Kim, 2016), that is the inability to distribute the NPO's net earnings to individuals who exercise control or have influence, and the growing competition and changing funding environment, NPO leaders are pressured to actively seek new income-generating initiative that may or may not be related to their core mission (Daniel & Kim, 2016). These same or similar challenges may cause NPO leaders to change their strategies or even organizational structure (Ogliastri, Jäger, & Prado, 2016). NPO leaders perform their mission in complex environments and leaders often are confronted with an exponential growth of complex financial problems that are not necessarily solved in isolation or by utilizing one prescription (AbouAssi, Makhlouf, & Whalen, 2016; Chikoto-Schultz & Neely, 2016; de los Mozos, Duarte, & Ruiz, 2016; Grasse et al., 2016; Khodakarami, Petersen, & Venkatesan, 2015; Kuenzi & Stewart, 2017).

To overcome the issues associated with competition and uncertainty and to potentially maintain or increase financial strength, NPO executives may use revenue diversification. Revenue diversification is not a new concept; in ancient Israel, individuals and businesses diversified revenue sources (Chang, Tuckman, & Chikoto-



Schultz, 2018). Revenue diversification means generating revenue from different types of sources as well as an increased number of sources (Biswas, 2015; Carroll & Stater, 2009; Chang & Tuckman, 1991a, 1994; Charles & Kim, 2016; Grasse et al., 2016; Ozurumba & Kim, 2017; de los Mozos et al., 2016; von Schnurbein & Fritz, 2017). Mitchell and Calabrese (2018) identified revenue diversification as one of the four core proverbs of NPO financial management—the other three include minimizing overhead, being fiscally lean, and avoiding debt. A distinguishing feature of NPOs is their complex revenue streams associated with a diversified revenue portfolio (Bowman, 2017). Revenue diversification helped NPO leadership in achieving financial stability (Carroll & Stater, 2009; Chang & Tuckman, 1991a, 1994; Grasse et al., 2016; Tevel et al., 2015; von Schnurbein & Fritz, 2017), promoting fiscal health (Mitchell & Calabrese, 2018), influence financial performance (Hu & Kapucu, 2017), and manage resource dependency to preserve autonomy (de los Mozos et al., 2016; Khieng & Dahles, 2015; Neumayr, Schneider, & Meyer, 2015; Tevel et al., 2015). Tuckman and Chang (1991) referred to a diversified revenue structure as one consisting of a relatively equal reliance on funds generated from donative income, public grants, and other incomes. Researchers divide revenue diversification into four major categories: (a) income from donations from private individuals and enterprises; (b) income from government through grants, contracts, and services; (c) income from own revenues, such as service fees and products sold; and finally (d) income from investments (von Schnurbein & Fritz, 2017).

Researchers described the four major revenue diversification categories in several ways. For this study, I use the following descriptions for donations, government grants,

embedded revenue, integrated revenue, external revenue, and investment income or loss. Donations from individuals or enterprises (e.g., company or business) are voluntary and public contributions not based on the market (Clifford & Mohan, 2016). However, donations from individuals or enterprises are driven by intrinsic and extrinsic motivation (Khodakarami et al., 2015). Lu (2015; 2016) found that NPO leaders that had a higher bureaucratic orientation, stronger domain consensus with government, and longer government funding history were more likely to receive government contracts and grants. Daniel and Kim (2016) considered income from a nonprofit's revenues as embedded revenue from core mission activities (e.g., admissions, tickets, subscriptions, membership dues, workshops, and tuition); integrated revenue dependent on core mission activities (e.g., contracted work or performances, media subscriptions, and royalties); and external revenue that is different from or not tied to the NPO's core mission activities (e.g., gift shop, concessions, parking, rent, advertising, sponsorship, and special events). Income (or loss) from investments might include revenue an NPO gained or lost as a result of the sale of a security investment, change in value of the security investment, and revenue the organization earned from interest and/or dividends from investments or bank accounts, including endowment funds (Kim, Pandey, & Pandey, 2017).

**Revenue streams.** In the nonprofit sector, NPO leaders seek different streams of revenue to reduce revenue volatility and increase financial stability. Multiple revenue streams are considered safety nets for NPO leaders because they can use alternate sources of income if a particular revenue source becomes depleted (Kim, 2017). If a financial shock occurred, NPO leadership, which utilized a modern portfolio theory-derived

strategy of revenue diversification versus revenue concentration, could turn to other sources of income to avoid reducing or stopping services (de Andres-Alonso, Garcia-Rodriguez, & Romero-Merino, 2015, 2016; Grasse et al., 2016). Additionally, when leaders diversify their revenue streams, the revenue portfolio fluctuations in one revenue stream may not affect another stream (Jordan et al., 2017). Grasse et al. (2016) stated that although Kingma (1993) examined two revenue streams—government funding and donations—Kingma demonstrated through the variance of net revenues, that an expected change in net revenues was equal to the net expected changes of the NPO's individual revenue streams. Additionally, Grasse et al. found that when changes occurred in any one revenue source, a resultant change occurred in both net revenue and predictability. However, NPO leaders might find changing the primary revenue stream within their revenue portfolio hard but may be able to add additional revenue streams to diversify their portfolios further (Hu & Kapucu, 2017).

Using HHI, Chikoto et al. (2016) found in their research that 69% of the NPOs they researched used three to six revenue streams out of 13 reported revenue streams, while 17.6% of the NPO leaders used one or two sources. The top four number of revenue streams were (a) four streams accounting for 20.19%, (b) three streams accounting for 18.55%, (c) five streams accounting for 17.69%, and (d) six streams accounting for 12.62% (Chikoto et al., 2016). The top six revenue streams that NPO leaders used were (a) direct public support, (b) interest on investments, (c) program services revenue, (d) other revenue, (e) government grants, and (f) net income from special events (Chikoto et al., 2016). Using McKeever's (2015) 2003-2013 data, Chang et

al. (2018) highlighted the sources of income from 237,632 U.S. reporting public charities (a) fees for services and goods from private sources, (b) fees for services and goods from government sources, (c) private contributions, (d) government grants, (e) investment income, and (f) other sources. Table 2 provides a side-by-side comparison of Chikoto et al. and Chang et al. The data used in the two studies reflect the dichotomy between the two studies. What is important in the results is the diversifying of revenue sources within the portfolio. I follow Table 2 with descriptions of the revenue sources from Chang et al.'s (2018) and Chikoto et al.'s (2016).

Table 2

*Comparison of Revenue Sources Between Chikoto, Ling, and Neely (2016) and Chang, Tuckman, and Chikoto-Schultz (2018)*

Revenue source	% accounted for in a diversified revenue portfolio	
	Chikoto, Ling, and Neely (2016) (Top 7 sources)	Chang, Tuckman, and Chikoto-Schultz (2018)
Fees for services and goods (private sources)		47% (1)
Program services	65% (3)	Included in fees and services (private sources)
Fees for services and goods (government sources)		25% (2)
Direct public support	75% (1)	13% (3)
Government grants	35% (5)	8% (4)
Interest on investment (investment income)	70% (2)	5% (5)
Other revenue or income	40% (4)	2% (6)
Membership dues and fees	24% (7)	Now part of contributions and grants and were not separated out
Net income from special events	31% (6)	

***Fees for services and goods (private sources).*** Accounting for 47% of Chang et al.'s (2018) revenue sources. Described as fees for services and goods (private sources) included tuition payments, ticket sales, and hospital patient revenues, excluding Medicare and Medicaid, and is driven largely by hospitals and higher-education nonprofits, both of which derive their funding primarily through fees for goods and services (McKeever, 2015). In this revenue source, NPOs offer specific services and marketable goods for a fee (Chang et al., 2018).

***Program services.*** Accounted for 65% of Chikoto et al.'s (2016) revenue diversification source. Chang et al. (2018) combined this category in their fees and services and goods (private sources). Program services revenue included fees and monies an NPO receives for services rendered that directly relate to the NPO's primary purpose for which the NPO received tax-exempt status (Bowman, 2017; GuideStar, 2018a).

***Fees for services and goods (government sources).*** Accounting for 25% of Chang et al.'s (2018) revenue sources, fees for services and goods (government sources) included government contracts and Medicare and Medicaid payments (McKeever, 2015).

***Direct public support.*** Accounting for 75% of Chikoto et al.'s (2016) revenue diversification source and 13% of Chang et al.'s (2018) revenue sources, direct support sources included contributions, gifts, grants, bequests received directly from the public, and can include amounts received from individuals, trusts, corporations, estates, foundations, public charities, or raised by an outside professional fundraiser (GuideStar, 2018a).

**Government grants.** Accounting for 35% of Chikoto et al.'s (2016) revenue diversification source and 8% of Chang et al.'s (2018) revenue sources, government grants are payments from the government to the NPO to further the NPO's public programs (GuideStar, 2018a). Many NPOs receive support through grants and subsidies (Chang et al., 2018) and are less volatile (Chikoto-Schultz & Neely, 2016). However, receiving government support comes with government stipulations for the use of the funds, and at times, those stipulations might not agree with the NPO's mission (Chang et al., 2018).

**Interest on investment (investment income).** Accounting for 70% of Chikoto et al.'s (2016) revenue diversification source and 5% of Chang et al.'s (2018) revenue sources, interest on investment (investment income) included interest, dividends, capital gains, and other types of distributions including mutual fund distributions (Internal Revenue Service, 2018d; Kim et al., 2017). Several 501(c)(3) organizations own endowment funds and use investment income to support the organization's mission (Chang et al., 2018).

**Other revenue or income.** Accounting for 40% of Chikoto et al.'s (2016) revenue diversification source and 2% of Chang et al.'s (2018) revenue sources, other revenue or income is net income from other sources. Other revenue is revenue not further characterized that can include income from program-related investments or fundraising events (Internal Revenue Service, 2017b). When completing the IRS Form 990, NPO leaders will report other revenue on line 11 of the IRS Form 990 (Internal Revenue Service, 2017b).

***Membership dues and fees.*** Dues and fees are defined as members' and affiliates' dues or fees that are not contributors (Chang et al., 2018; GuideStar, 2018a). In many cases, membership dues are revenue for the NPO where the NPO leaders confer private benefits to the members, for example, free admission, discounts, and invitations to special events (Kim et al., 2017). Membership dues and fees are part of the earned income calculation of the IRS Form 990, with program service revenue and other revenue (Mayer, Wang, Egginton, & Flint, 2014).

***Net income from special events.*** Accounting for 31% of Chikoto et al.'s (2016) revenue diversification source. Defined as income earned from all special fundraising events and activities, less costs (GuideStar, 2018a). Krawczyk, Wooddell, and Dias (2017) noted that revenue from special events had a positive and statistically significant impact on charitable giving. Although special events themselves compose a small amount of net revenue to the NPO, lasting effects in the attendees provide additional potential revenue beyond the event itself in the form of new and retained donors (Inoue, 2016).

***Resource dependence scenario.*** Chikoto et al. (2016) further developed three scenarios which reflected an NPO's resource dependence: donative-dependent, earned income-dependent, and investment income-dependent. In each scenario, Chikoto et al. defined the minimum and a maximum number of revenue streams based on the identified dependency. Table 3 provides a comparison between the three resource dependence scenarios. In researching how revenue diversification affects financial health, Chikoto et al. asserted that the aggregated version of the Herfindahl-Hirschman Index might cause a false benefit of diversification. Therefore, Chikoto et al. recommended research.

Similarly, Grasse et al. (2016) researched four revenue streams—government grants, indirect support, direct support, and program services—and suggested that if NPO leadership wanted stability, then developing capacity in the areas of indirect support and program services might be the better diversification. Conversely, if NPO leadership wanted to maximize revenue growth, they may want to consider combining program service revenues with the pursuit of direct contributions (Grasse et al., 2016). In the latter course of action, NPO leaders may see higher returns; however, there might be increased volatility (Grasse et al., 2016). De los Mozos et al. (2016) pointed out that when NPO leaders do not diversify the organization’s revenue streams, then the leaders, in essence, leave money on the table. Further, de los Mozos et al. stated that although diversification was good for an NPO; the number of revenue streams and size of the sector may cause different impacts, with some impacts being negative.



Table 3

*Three Resource Dependence Scenarios*

NPO's resource dependence	Number and type of streams (sources)
Donative dependent	At least two of the following: <ul style="list-style-type: none"> <li>• Direct public support</li> <li>• Indirect public support</li> <li>• Government grants</li> <li>• Income from special events</li> </ul> And fewer than <ul style="list-style-type: none"> <li>• Two earned income revenue streams and</li> <li>• Two investment income revenue streams</li> </ul>
Earned income dependent	At least two of the following: <ul style="list-style-type: none"> <li>• Program revenue</li> <li>• Membership dues</li> <li>• Other revenue</li> </ul> And fewer than <ul style="list-style-type: none"> <li>• Two donative income revenue streams and</li> <li>• Two investment income revenue streams</li> </ul>
Investment income dependent	At least two of the following: <ul style="list-style-type: none"> <li>• Interest and savings</li> <li>• Other investment income</li> <li>• Net gain from the sale of assets</li> </ul> And fewer than <ul style="list-style-type: none"> <li>• Two donative income revenue streams and</li> <li>• Two earned income revenue streams</li> </ul>

**NPO financial health.** Revenue diversification is positively correlated with NPO health; that is, when NPO leadership increases revenue diversification, the NPO's financial health increases (Carroll & Stater, 2009; Tuckman & Chang, 1991). An NPO with good financial health has a positive influence on both revenue size and revenue growth (von Schnurbein, 2017). Because of the positive correlations, I discuss how revenue diversification supports an NPO's financial health. Myser (2016) found that researchers used many interrelated, but disparate concepts when describing and testing financial health. Myser described NPO financial health with the following concepts:

financial health, financial condition, vulnerability, predictability, flexibility, capacity, stability, financial efficiency, and financial performance. The top four financial health dimensions were vulnerability, stability, capacity, and flexibility (Myser, 2016). I describe these four dimensions in additional detail later. When comparing nonprofit and for-profit organizations, there are differences when analyzing financial health.

Regarding financial measures, the ultimate goal of for-profit organizational leadership is to maximize profits; whereas, NPO leaders look at financial measures only if they assist in understanding organizational capacity to achieve the NPO's mission (Kim, 2017). Leaders in sustainable financially healthy NPOs are increasingly capable to continuously execute the NPO's mission while decreasing the likelihood of reducing services or closure (Carroll & Stater, 2009; Tuckman & Chang, 1991). Sustainable financial health is concerned with the longer-term survival of the NPO and the NPO leader's ability to provide additional as well as better services (Bowman, 2011). To gain and maintain sustainable financial health, NPO leaders use different methods, that may include observing best business practices, often quoted as generally accepted accounting principles, including responsible financial management and stewardship, governance, financial reporting and accountability, strategic planning, budgeting, and long-range financial planning, to achieve their mission and goals. In 2016, the Financial Accounting Standards Board issued an accounting standard update for nonprofit entities to improve reporting of a nonprofit's liquidity, financial performance, and cash flow; therefore, providing better information to donors, grantmakers, creditors, others who read nonprofit financial statements. Hu and Kapucu (2017) emphasized the importance of not only

developing strategic plans but implementing those strategic plans; however, a strategic plan does not necessarily lead to an NPO leadership's increased financial performance. The importance is the implementation of the plan to allow for better financial performance. Horvath et al. (2018) illustrated the importance of implementing a strategic plan when a financial crisis occurred—funding became unreliable, and future funding unpredictable, many organizations were required to maintain services and activities on quickly depleting reserves. When faced with such a challenge, organizational leaders could respond in various ways; however, when leadership has preplanned for the crisis, the leaders and staff are prepared and understand what needs to occur to keep the business operational (Horvath et al., 2018).

Unlike using a closed-system approach to analyze financial health, Prentice (2016a) proposed an open-system approach encompassing financial capacity, financial resilience, and solvency as measures for an NPO's financial health. Although the traditional accounting constructs might seem multidimensional, Prentice (2016b) found that many lacked empirical support, causing NPO executives without clear guidance, to choose the appropriate measures based on available data, expediency, or model fit. Prentice (2016a) reconceptualized the definition of a nonprofit's financial health; instead of restricting the definition to a narrow view of nonprofit finances focused on vulnerability, Prentice (2016a) proposed viewing financial health on a continuum. Along the continuum, Prentice (2016a) categorized an NPO's poor health with financial vulnerability, revenue volatility, and bankruptcy. Moving along the continuum, Prentice

(2016a) categorized an NPO's strong health as having evidence of financial capacity, financial resilience, and solvency.

Myser (2016) expressed that this continuum recognized the multiple dimensions of NPO financial health; however, but did not include the time-based component, where an NPO leader's organization financials and mission success may exhibit good financial health in the short term, but poor financial health in the longer term or vice versa.

Bowman (2011) emphasized two timeframes for financial capacity and financial vulnerability—short-term and long-term—and proposed updating Tuckman and Chang's (1991) ratios of (a) equity, (b) total surplus, (c) administrative expenses divided by total expenses, and (d) a Herfindahl index of revenue concentration. Adding the temporal dimension provides the NPO leadership a fuller view of the organization's financial health. In adding the temporal dimension, Bowman's six measures included equity ratio (long-term financial capacity), return on assets (long-term financial sustainment), months of spending (short-term resilience), restricted mark up (short-term sustainability), unrestricted mark up (short-term sustainability), and status quo mark up (short-term sustainability). Lam and McDougle (2016) operationalized financial health using Bowman's six financial capacity and sustainability measures. Lam and McDougle noted that an organization might be sustainable in the long term but unsustainable in the short term because of a shortage of cash. Conversely, Lam and McDougle stated that an organization sustainable in the short term but not in the long term because inflation had eroded the value of the organization's assets.

*NPO financial vulnerability.* If NPO leaders were able to understand financial vulnerability, then they might seek to run better organizations (Tevel et al., 2015). Wicker et al. (2015) raised a key success aspect for NPO leadership, and that was financial viability, or having the revenues to meet or exceed expenses, allowing not only short-term but long-term survival. The opposite of financial viability is financial vulnerability. In their seminal works, Chang and Tuckman (1991a, 1991b) and Tuckman and Chang (1991) stated that an organization was financially vulnerable if organizational leadership immediately reduced or cut back service offerings when they experience a financial shock. Chang and Tuckman (1994) stated that diversified revenue sources were more likely to be associated with a strong financial position than were concentrated revenue sources.

Further, Tuckman and Chang (1991a, 1991b) stated the larger number of revenue sources an NPO leader utilizes, the less vulnerable to revenue changes the NPO tended to be; however, the type of revenue sources used within the portfolio will impact the vulnerability. McNeal (2016) stated that researchers had subjected Chang and Tuckman's (1991a, 1991b, 1994) and Tuckman and Chang's groundbreaking work to subsequent empirical studies and when scholars research revenue diversification, they would find their seminal work often cited. Tuckman and Chang researched the nonprofit sector for several reasons that included (a) the size of the sector within the United States, (b) the impact of employment and career advancement opportunities within the United States, (c) the impact of the loss of an important source of diverse ideas and alternative delivery methods, (d) the impact of the loss of an important expression of the pluralistic approach

underlying the American government system, and (e) the impact of the loss of charity sources. Tuckman and Chang stated that when NPO leaders faced persistent revenue instability, for example, a fluctuation of funding or revenue streams, the NPO leaders would likely not take the necessary steps to reduce their financial vulnerability.

In defining financial vulnerability, Chang and Tuckman (1991b) and Tuckman and Chang (1991) focused on the options available to NPO leaders if a financial shock affected the organization, to include the ability to survive. Chang and Tuckman (1991b) and Tuckman and Chang directly connected financial flexibility with financial vulnerability, where NPO leaders had (a) access to equity balances, (b) a diversified set of revenue sources, (c) high administrative costs, and (d) positive operating margins. Gaver, Harris, and Im (2016) described operating margin as the total revenues minus total expenses divided by total revenues. Conversely, Tuckman and Chang advocated that there were four indicators of financial vulnerability for an NPO: (a) inadequate equity balances, (b) revenue concentration, (c) low administrative costs, and low operating margins. Chang and Tuckman (1991b) and Tuckman and Chang concluded that NPO leaders that lacked financial flexibility within their organization were more vulnerable than NPO leaders with flexibility. Following Tuckman and Chang's reduction of program services, Greenlee and Trussel (2000) defined a financially vulnerable NPO as one that reduced program expenditures, after removing total revenues, in each of three consecutive years. Tevel et al. (2015) described financial vulnerability as the organizational leadership's susceptibility to financial problems and used Tuckman and Chang's variables to quantify vulnerability. Tevel et al. found that Tuckman and Chang's

model best predicted financial vulnerability. Burde, Rosenfeld, and Sheaffer (2017) characterized financial vulnerability as a hazard rate or the speed that NPO leaders close the NPO after a financial shock caused by a revenue shortfall. In a follow-on study, Burde (2018) had a simpler but vague definition, suggesting that financial vulnerability was an organization leadership's susceptibility to organizational financial problems. Following Bowman (2011), de Andres-Alonso et al. (2016) defined financial vulnerability, using assets and liabilities from the balance sheet, as operational vulnerability (variation of assets over time), leverage vulnerability (ratio of total assets to debt), and liquidity vulnerability (ratio of current assets to short-term debt).

*Operating reserve.* Having an operating reserve is one method to gain the flexibility needed to overcome a financial shock. Grizzle, Sloan, and Kim (2015) examined how organizational factors impacted the level of operating reserves in NPOs. Grizzle et al. defined operating reserves "as the portion of unrestricted net assets available for use in an emergency to sustain the financial operations of an NPO" (p. 69). Using data from a six-year period (1998-2003), Grizzle et al. explored the relationship of operating reserves with organizational demographics and found a positive relationship between operating reserves and administrative ratio, profit margin, operating margin, and organization age. Operating reserves provided NPO leadership the capability to take advantage of developments that allow for innovation, growth, or enhancement of programs and services, as well as, weathering times of budget shortfalls and urgent demands on resources (Grizzle et al., 2015). The amount of operating reserves ranged from three months to upwards of three years of operating expenses; however, Grizzle et

al. found that many NPO leaders were not meeting the three months of operating expenses. In a related study, Calabrese (2018) claimed that an updated rule of thumb of six months of operating expenses was inadequate if NPO leaders use the reserves to maintain all spending at trend during poor fiscal times. However, if NPO leaders use operating reserves to offset trend deviations while they seek other strategies, then six months may be sufficient (Calabrese, 2018).

According to the 2018 State of the Nonprofit Sector Survey, one-third of the respondents stated that they had less than two months of cash on hand (Nonprofit Finance Fund, 2018). In two similar studies, Sloan, Grizzle, and Kim (2015) and Sloan, Charles, and Kim (2016) researched over 3,100 NPOs and interviewed several NPO executives regarding operating reserves. In both studies, the authors researched the Nonprofit Operating Reserves Initiative Workgroup's definition of a nonprofit's operating reserve as *the unrestricted net assets less fixed assets net of debt*, which equals the gains from the *land, buildings, and equipment minus mortgages and other notes payable divided by total expenses less depreciation* (Sloan et al., 2015; Sloan et al., 2016). Sloan et al. (2015) and Sloan et al. (2016) found that this definition did not hold true for the unrestrictedness, liquidity, and board designated characteristics. Sloan et al. (2015) defined an operating reserve as a "fund formally set aside by an organization to be utilized in times of fiscal distress" (p. 192). Characteristics of operating reserves include unrestrictedness and liquidity separate operating reserves from other funds (Sloan et al., 2015). Both Grizzle et al. (2015) and Sloan et al. (2015) identified the importance of immediate access and liquidity of funds to defend against distress.



*NPO revenue volatility.* Revenue volatility is known to hinder NPO leadership planning, and in doing so, influence the NPO's public welfare contribution (Wicker et al., 2015). Wicker et al. (2015) described that an organization's revenue volatility had two different sources—organization-specific and systematic sources. Organization-specific sources relate to factors internal to the organization, while systematic sources come from the broader environment that influences all organizations (Wicker et al., 2015). The concept of revenue volatility was the degree of deviation or variation of actual revenue from its projected level over a period (Jordan et al., 2017; Staley, 2017). Jordan et al. further stated that a revenue shortfall, also known as revenue variance, occurs when an NPO's actual inflow of revenue falls short of the budgeted revenue. Bowman (2011) contended that volatility was a measure of stability. Volatility, in its economic form, is a measure of risk based on the standard deviation of an asset return and used as part measure economic performance (Staley, 2015). Zhang, Gibson, and Schafer (2018) researched short-term and long-term local government revenue volatility and found that (a) revenue volatility was a key measure of fiscal stress, (b) a repeated evidence of volatility might indicate an external environmental issues leaders must address, (c) a short-term revenue volatility would have a pronounced effect on the government's actions, and (d) a continued evidence of revenue volatility may indicate a chronic condition, causing a decrease in services.

Revenue diversification within an NPO is a mitigating method for volatility (Brown et al., 2016; Carroll & Stater, 2009; Jordan et al., 2017; Kingma, 1993). Chikoto et al. (2016) stated that within Markowitz's (1952) modern portfolio theory was a risk

reduction strategy based on each revenue stream's volatility. However, Chikoto et al. argued that of the three resource-dependence scenarios, the leaders of donative income-dependent NPOs were more than likely to not support a diversification strategy when trying to reduce financial volatility. In the case of investment income-dependent NPOs, increasing revenue diversification with earned or investment income, financial volatility is increased. Carroll and Stater (2009) offered an approach for NPO leaders to balance or equalize earned income, investments, and contributions, allowing NPO leaders to reduce revenue volatility within the NPO. Further, Carroll and Stater argued that financial stability (the opposite of volatility) directly affected an NPO leader's ability to provide programs, provide staff salaries, and promote mission awareness. Additionally, Carroll and Stater stated that continued or long-term revenue volatility might motivate NPO leaders to change their revenue portfolio to a greater diversification factor to decrease revenue volatility. Jordan et al., Staley (2017) and Wicker et al. (2015) furthered Carroll and Stater's and Kingma's approach, stating revenue diversification had a positive impact on revenue volatility and in Jordan et al.'s view, reducing the size of a budget shortfall.

In a contrasting view, Mayer et al. (2014), building on the work of Carroll and Stater (2009), investigated the relationship between revenue diversification and volatility for nonprofits. Using a new empirical measure of volatility which addressed estimation issues of expected revenue, Mayer et al. expressed that the effects of diversification on volatility and expected revenue was dependent on the nonprofit's change in revenue portfolio. Mayer et al. further found that NPO leaders should not take the reduction of volatility for granted when they use diversification strategy. Mayer et al. advocated that

NPO leaders should not stabilize revenues by making their revenue portfolios more diversified by simply balancing investment income, earned income, and donations. Instead, Mayer et al. recommended that leaders address revenue stability by balancing relatively large shares of earned income and donations while keeping the share from investment income small.

*NPO bankruptcy.* A business' weak performance might cause financial distress that may further cause the business leaders to file bankruptcy (Kim, 2018). Financial distress and vulnerability are common conditions for many NPO executives, with some NPO executives filing for bankruptcy or closing as a result (Greenlee & Trussel, 2000; Tevel et al., 2015). Myser (2016) expressed organizational financial distress as an NPO leadership not having the sufficient liquidity and may be at risk of potential failure or bankruptcy.

NPO bankruptcy can occur when NPO leadership is unable to manage the financial vulnerability of the NPO. In their research, Carroll and Stater (2009) acknowledged that greater revenue volatility, again the opposite of revenue stability, might not lead to an NPO closure or reduction of programmed offerings or services; however, volatility does make the NPO more vulnerable to bankruptcy or closure. Financially vulnerable NPOs often are the ones that go bankrupt (de Andres-Alonso et al., 2016). In simple terms, bankruptcy is the organizational leadership's inability to pay organizational debts (de Andres-Alonso et al., 2016). Myser (2016) stated that bankruptcy had two overarching definitions—legal and financial. In the financial sense, bankruptcy might occur when total liabilities exceed net assets; in the legal sense,

bankruptcy occurs when corporate leadership files an organizational bankruptcy claim (Myser, 2016). Unlike private sector companies, NPO leadership may dissolve an NPO voluntarily or involuntarily (Myser, 2016). In the legal sense, Kim stated that 11 U.S.C.A provided the bankruptcy law. NPO executives generally have two choices of Bankruptcy proceedings—Chapter 7 and Chapter 11 (Kim, 2018; United States Courts, 2018a). However, Greenlee and Trussel (2000) emphasized that according to 11 U.S.C.A., §303(a), NPO leadership cannot be forced into involuntary liquidation or reorganization. Under 11 U.S.C.A, the criterion for bankruptcy approval is if the filer (individual and business) is unable to pay debts as they come true (United States Courts, 2018a). Chapter 7, titled liquidation, allows applicable debtors who are engaged in business (an individual, a partnership, a corporation, or other business entity) to discharge certain debts, that is releasing the debtor of the liability of the debt, allowing the debtor a fresh start (United States Courts, 2018b). Under Chapter 7, NPO leadership may voluntarily seek liquidation (Greenlee & Trussel, 2000). NPO leadership might voluntarily liquidate for several reasons, including bankruptcy, disposition of all organizational assets, and loss of all organizational members (Greenlee & Trussel, 2000). Although NPO leadership cannot be forced to file bankruptcy, Greenlee and Trussel emphasized that a judicial court may require NPO leadership to liquidate involuntarily because of, for example, insufficient assets, corruption, and internal board deadlock. Chapter 11, titled reorganization, allows the debtor (which may be a corporation, sole proprietorship, or partnership) to reorganize the business to keep the business alive and pay creditors over time (United States Courts, 2018c).

*NPO financial capacity.* Ever since Bowman (2011) published his research; nonprofit researchers utilized Bowman's definition of financial capacity for NPOs to explain NPO financial growth. Financial capacity is defined as "resources that give an organization the wherewithal to seize opportunities and react to unexpected threats" (Bowman, 2011, p. 38; Chikoto & Neely, 2014), also referred to as organizational slack in the private sector (Chikoto & Neely, 2014), quantified by short and long-time frames (Bowman, 2011). Chikoto and Neely (2014) further defined the measurement of financial capacity as growth in total income. Carroll and Stater (2009) stated that NPO leaders would want to increase their growth potential by raising surplus revenue and use this surplus for investments and expanded services. Bowman argued that the static view of an NPO's financial status was not enough to adequately evaluate financial growth and therefore identified the two time frames because NPO leaders have different flexibility constraints to reallocate assets in response to opportunities and threats. Bowman argued that NPOs have both the short-term goal of building resilience toward financial stress and the long-term objective of sustaining and expanding services.

Further, Bowman (2011) argued that the rate of change in financial capacity in both short and long-term periods was a measure of financial sustainability. Chikoto-Schultz and Neely (2016) went further and identified financial growth with capacity. For NPO leaders to grow their financial capacity and remain financially stable, leaders need to generate more revenue as well as utilize their assets and reserves as well (Chikoto & Neely, 2014; Chikoto-Schultz & Neely, 2016). Balduck, Lucidarme, Marlier, and Willem

(2015) wrote that financial capacity referred to an organization leader's ability to develop and deploy financial resources.

***NPO financial resilience.*** Resilience as a concept is not new. Broadly, financial resilience is the capacity of a financial system to cope with crises. Financial resilience is part of the larger organizational resilience but is discussed here as part of the NPO's financial health. Coping with a crisis is both a proactive action (preventing the crises from happening) and reactive (dealing with the crises that occurred). Resilience is a quality defined by metaphors of *bouncing back* or *pulling together* in the instance of shocks, extreme events, or other disruptions (Brassett & Holmes, 2016; Grabowski & Roberts, 2016; Zehir & Narcikara, 2016). In this sense, resilience is a proactive measure where leaders develop and execute resilience practices (Brassett & Holmes, 2016). Many of the measures include revenue diversification; strategies to increase, decrease, or replace revenue streams; and establishing a sufficient operational reserve.

***NPO solvency.*** Gordon, Fischer, and Greenlee (2013) pointed out that accounting researchers had not focused on nonprofit financial stability and insolvency patterns. Gordon et al. used financial distress and financial vulnerability as synonyms for insolvency. Organizational leader's use of revenue diversification decreases the organization's financial vulnerability (Carroll & Stater, 2009; Chang & Tuckman, 1991b; Grasse et al., 2016; Kingma, 1993; Prentice, 2016a; Tuckman & Chang, 1991) and thus decreases insolvency (Besana & Esposito, 2015; Gordon et al., 2013). Organizational insolvency is when an organizational leadership incurs financial obligations (debt or liabilities) greater than the organization's assets (Bowman, 2011; de Andres-Alonso et

al., 2015, 2016; Prentice, 2016b). NPO leaders measure solvency by dividing total liabilities by total assets (Gordon et al., 2013). An organization becomes insolvent when the leadership is unable to pay organizational debts when they become due, which impacts the execution of the organization's mission (Gordon et al., 2013). De Andres-Alonso et al. (2015, 2016) extended Gordon et al.'s technical insolvency by describing insolvency risk or technical insolvency as when organizational leadership continues to operate with high levels of organizational debt, for example having total liabilities exceed total assets in a single year. In this case, many organizational leaders have learned to live with high levels of debt (Bowman, 2011).

**NPO financial performance.** Nonprofit researchers look at financial performance as an objective measure of an organization's performance (Faulk & Stewart, 2017). Because of increased financial and competitive pressures, stakeholders are causing NPO leaders to emphasize performance measurements (Mitchell, 2017), allowing stakeholders to view the NPO leader's financial performance (Lee & Nowell, 2015). Lee and Nowell (2015) pointed out several perspectives of an NPO's performance that included two framing perspectives of inter-organizational networks and institutional legitimacy and seven internal perspectives of input, capacity, output, outcome-behavioral and environmental changes, outcome-client and customer satisfaction, and public value. Input included resource acquisition and utilization, money, facilities, equipment, staffing and training, and the preparation of programs and services (Lee & Nowell, 2015). Strongly connected with the input perspective, Lee and Nowell wrote that the organizational capacity perspective focused on developing the capability to generate

outputs and outcomes effectively. When looking at resource acquisition and organizational capacity, there are downstream consequences for what an NPO can accomplish regarding outcomes and public value (Lee & Nowell, 2015). The output perspective dealt with the NPO's goods and services provided through the NPO's mission (Lee & Nowell, 2015). Lee and Nowell directly tied the two outcome perspectives, behavioral and environmental changes, and client and customer satisfaction to the NPO's mission and purpose. Further, Lee and Nowell emphasized the difference between public and private organizations and focused on the public value NPO leaders provide through their organization. The remaining two perspectives—inter-organizational networks and institutional legitimacy—support the underlying infrastructure and how the infrastructure supports the NPO's mission and how NPO leadership respected their self-imposed rules and the legal requirements that the NPO leadership follow (Lee & Nowell, 2015).

Similarly, Chikoto-Schultz and Neely (2016) identified and compared 128,077 NPOs (drawn from the 1998-2003 NCCS digitized data that exhibited high performance based on high levels of financial stability and growth with NPOs that exhibited low financial performance based on low levels of financial stability and growth. Chikoto-Schultz and Neely described high financial performing NPOs as older (23.9 years) and larger organizations regarding total revenues (\$11.5 million) which exhibited stability (volatility percentage of < 1.26%) and growth (showing five-year revenue growth of > 22.7%). Additional characteristics of a high financial performing NPO include an increased reporting of capital assets, higher levels of compensation, and leaders were able to contain overhead spending (Chikoto-Schultz & Neely, 2016). In contrast, Chikoto-



Schultz and Neely described low performing NPOs on the other end of the spectrum, with a mean age of 21.98 years, total mean revenues of \$1.18 million, and an exhibited low stability (volatility percentage of  $> 1.26\%$ ) and growth (showing five-year revenue growth of  $< 22.7\%$ ). A key finding of revenue diversity, Chikoto-Schultz and Neely found that high-performance NPOs had more diverse revenue streams.

Prentice (2016b) asserted that scholars agreed that an NPO's leadership evaluate their financial performance through several factors, including liquidity, solvency, margin, and profitability. However, Prentice (2016b) highlighted that there was little to no consensus on the appropriate measures NPO leaders and scholars can use to measure the performance of NPO leaders. The NPO leader's knowledge of what each of these various measures means, provide the leader the ability to create operating budgets, monitor organizational finances, measure progress, and establish necessary financial reserves (Prentice, 2016b). For a researcher or NPO leader to measure financial performance, Prentice (2016b) recommended four constructs that were compiled from several researchers including Bowman (2011) and Tuckman and Chang (1991) that best addressed performance and when used together, provide a larger picture of the NPO's performance: solvency, liquidity, profitability, and margin. First, Besana and Esposito (2015) identified the solvency ratio as *Net Assets to Total Assets*. Second, liquidity consists of cash, unrestricted financial resources that NPO leaders can convert into cash quickly, and available cash NPO leaders have immediate access to, to allow continuation of the NPO's operations for a short period (Bowman, 2011; Prentice 2016b). Within the liquidity construct, Prentice (2016b) identified to indicators to assess liquidity—*months*

*of spending and working capital divided by total assets.* Third, Bowman (2011) defined months of spending as “if an organization lost all current income and tried to maintain its spending on operations at a constant level while searching for new sources” (p. 42). Bowman provided the months of spending equation as  $12 \text{ months} \cdot (\text{Unrestricted Financial Assets} - \text{Unsecured Debt} / \text{Spending on Operations})$ , where  $\text{Unrestricted Financial Assets} = \text{Total Assets} - \text{Restricted Assets} - \text{Property, Plant, and Equipment}$  (PPE, equivalent to Land, Buildings, and Equipment on the IRS 990 form);  $\text{Unsecured Debt} = \text{Total Liabilities} - \text{Secured Debt}$ ; and  $\text{Spending on Operations} = \text{Total Expenses} - \text{Depreciation}$  (p. 43). Fourth, profitability is what NPO leadership nets after paying for all expenses and identified as  $\text{Net Income} / \text{Total Assets and Revenues less Expenses}$  (Prentice, 2016b). The standardized formulas for accounting measures identify profitability as an (a)  $\text{Change in Unrestricted Net Assets} / \text{Total Assets}$ , (b)  $\text{Investment Income} / \text{Invested Financial Assets}$ , (c)  $\text{Net Income} / \text{Total Revenue}$ , and (d)  $\text{Net Operating Income} / \text{Total Operating Revenue}$  (Prentice, 2016b).

NPO leaders use revenue sources and diversification of those revenue sources to influence financial performance (Hu & Kapucu, 2017; Kim, 2017). Kim (2017) tested the premise that financially stable and efficient art NPOs likely have a greater capacity to improve program offerings, reflected in attendance. Kim found that when an NPO leadership decides on revenue diversification, the organization’s financial performance may increase. Kim further stated that becoming less dependent on a single resource allowed the NPOs greater capacity to manage programs without disruption. Kim wrote that a larger equity balance, however, represented an NPO’s long-term financial stability

because it allowed organizations to borrow or convert an unrestricted portion of net assets to cash to overcome unexpected financial difficulties. However, the relationship between revenue diversification and NPO financial performance deserves additional research (Hu & Kapucu, 2017).

**NPO financial stability.** Financial stability is the absence of revenue volatility (Carroll & Stater, 2009; Chikoto & Neely, 2014). Financial stability directly affects the ability of NPO leaders to provide programs, compensate staff, and promote mission awareness (Carroll & Stater, 2009). Lin and Wang (2016) affirmed that financial resources were among the most critical resources that NPO executives depend on for organizational survival and growth and to maintain a healthy financial condition to achieve their mission-related goals. Carroll and Stater (2009) asserted that the following financial measures of revenue diversification, operating margins, and debt ratio might help NPO executives to estimate revenue stability. Further, Carroll and Stater argued that financially healthy NPOs were more able of continuing to work toward their missions and that financial stability over time counteracted the likelihood of an NPO's reduction in services or even potential closure.

**NPO financial sustainability.** Some NPOs demonstrate great financial sustainability when faced with financial uncertainty, while other NPOs are less financially stable (Hu & Kapucu, 2017). Rottkamp and Bahazhevskaja (2016) wrote that NPO leaders have a growing concern for financial sustainability and the ability to fulfill their missions because of the current economic and financial climate. According to the 2018 State of the Nonprofit Sector Survey, the top NPO operational and financial

challenge was financial sustainability with nearly two-thirds of the respondents, followed by funding for full costs (Nonprofit Finance Fund, 2018). The reason many NPO leaders cited as the cause of their concern was the lack of adequate funding, primarily caused by the decreasing of individual, corporate, and government funding (Rottkamp & Bahazhevska, 2016).

Sustainability is a function of the combined effectiveness of organizational governance and professional leadership (Aulgur, 2016). Sustainability is multidimensional, focused on maintaining solid outcomes, generating knowledge, building capacity, experiencing stable funding revenue, and providing value-based services (Schalock, Verdugo, & Lee, 2016). Schalock et al. (2016) further stated that sustainability is the organization's ability to change and provide a valued service, using effective and efficient practices. In a shared view, Gelhard and von Delft (2016) stated that sustainability was the result of strategic flexibility, value chain flexibility, and customer integration. Further, Gelhard and von Delft stated that strategic flexibility was the ability for leadership to reallocate and reconfigure organizational resources. Regarding diversifying revenue, NPO leaders can adjust revenue streams within their organizational revenue portfolio.

However, NPO leaders might not recognize the indicators of not maintaining financial sustainability: continued operating deficits, negative cash flow, poor ratio analysis, significant reliance on one revenue stream, lack of budgeting and monthly internal financial statement analysis, significant turnover in key positions, no or insufficient risk assessment process, mandated governmental oversight, inefficient board

oversight, and the inability to attract new programs or funding streams (Rottkamp & Bahazhevska, 2016).

In dividing capacity and sustainability into the two timeframes, Bowman (2011) emphasized that NPOs sustainability included both short-term and long-term time frames. In Bowman's sustainability principle, NPO leaders measure financial sustainment by the rate of change in financial capacity during both short-term sustainability (annual surpluses) and long-term financial sustainability (asset growth). Bowman acknowledged that the short-term objective was to develop resilience and emphasized that resilience was a precondition for long-term success. However, for NPO leadership to maintain financial sustainability, Bowman stated that annual surpluses needed to maintain asset values at replacement cost over the long term, while also maintaining financial resources short term.

**NPO organizational capacity.** Capacity is seen as a means for NPO leaders to produce the outputs and outcomes the organization desires (Balduck et al., 2015). Lee and Nowell (2015) emphasized that capacity included the evaluation of how well the NPO leadership had constructed effective internal processes and structures to use the resources efficiently toward the execution of the NPO's mission. In describing organizational capacity, Lee and Nowell emphasized that individual and organizational learning, innovation, and growth were essential characteristics in organizational capacity. Balduck et al. (2015) also linked NPO resources and mission to organizational capacity. Prentice and Brudney (2018) included the organization's financial, physical, social capital, structures, and systems of operation in organizational capacity. Balduck et al.

described five organizational capacity dimensions, including human resource capacity, financial capacity, infrastructure capacity, relationship and network capacity, and planning and development capacity. Brown, Andersson, and Jo (2016) conceptualized organizational capacity as the assets and processes—human, financial, physical, and social capital and organizational capital or managerial functions—that leaders employ to improve effectiveness and sustainability. AbouAssi et al. (2016) advocated in collaboration and partnership with organizations that have similar goals and with overlapping missions. Because of the commonality, workforce and financial and technical resources could be shared, thus increasing organizational capacity. If NGO leaders of potential partners differ in their missions and activities, leaders and staff may use different collaboration means to collaborate, for example, social media (AbouAssi et al., 2016).

**NPO organizational resilience.** Resilient organizations matter in both the public and nonprofit sectors (Valero, Jung, & Andrew, 2015). It is inevitable that every organization will incur an organizational crisis, to include risks, during the organization's existence (Sahebjamniaa, Torabi, & Mansouri, 2015; Zehir & Narcikara, 2016). An organizational crisis—an event perceived by leadership and stakeholders as highly salient, unexpected, and potentially disruptive—can threaten an organization's mission and goals and may have profound implications for its relationships with stakeholders (Bundy, Pfarer, Short, & Coombs, 2017). To address internal and external risks to the NPO, leadership and staff must implement a business continuity management program which will enable the organization to improve their resilience to cope with the identified

risks (Torabi, Giahi, & Sahebjamnia, 2016). When NPO leaders address business continuity and thus resilience management, the guidelines or policies should address disruptions, changes, opportunities, facilitate anticipation, adaptation, flexibility, and provide a foundation for an effective crisis response (Adini et al., 2017).

General attributes of organizational resilience include (a) the ability of an organization, including its members, to deal with various types of adversity, under business continuity management, adversity is risk; (b) rigidity; and (c) organizational and employee strength, perseverance, and recovery when encountering adversity (Linnenluecke, 2017). Organizational resilience is an NPO leadership's dynamic ability to adapt to internal and external disturbances (disruptions), maintain its system integrity, reorganize the organization to meet the change, and increase the organization's capacity through turning challenges into opportunities (Witmer & Mellinger, 2016). Witmer and Mellinger (2016) noted that there was a gap in the literature regarding resilient NPOs. Witmer and Mellinger's goal was to identify organizational characteristics that point to the resilience of nonprofit behavioral healthcare organizations as they successfully adapt to funding changes. Although Witmer and Mellinger focused on the nonprofit behavioral healthcare sector, their lessons apply to all NPO leaders and scholars.

Witmer and Mellinger (2016) described six themes within an NPO leadership's use of a framework of resilience: (a) commitment to the mission, (b) improvisation, (c) community reciprocity, (d) servant and transformational leadership, (e) hope and optimism, and (f) fiscal transparency. McCarthy, Collard, and Johnson (2017) stated that resilience was the ability of a system to withstand changes in its environment and still

function. Similar to business continuity management, McCarthy et al. stated that leaders could view organizational resilience as an evolutionary process in which organizational leaders could adapt their configurations in response to two conditions—disturbance and munificence. There are proactive and reactive measures NPO leaders take to ensure resilience. Regarding revenue diversification, NPO leadership should identify, analyze, evaluate, and respond to the risk of losing a revenue stream when a revenue stream becomes too volatile and must decide on dropping the revenue stream or adding a revenue stream to their diversified revenue portfolio.

### **NPO Enablers to Revenue Diversification**

**Transparency.** Transparency is a means to gain stakeholder acceptance, and thus increase revenue through increased or additional fees for services and goods, direct public support, membership dues and fees, and revenue from special events. Researchers have defined transparency in many ways, and a variety of contexts (Hyndman & McConville, 2016). In contemporary society, a cherished and celebrated ideal and aspiration was transparency (Christensen & Cheney, 2015). However, in academic literature, there is little meeting in the fundamental meaning of transparency (Schnackenberg & Tomlinson, 2016). Schnackenberg and Tomlinson (2016) defined transparency based on their research, stating that transparency was the perceived quality of intentionally shared information from its sender. Schnackenberg and Tomlinson stated that their definition offered four concepts: (a) transparency was about information, (b) transparency was information that individuals intentionally shared, (c) transparency was a perception of received information, and (d) transparency perceptions varied according to



the quality of the information. Parris, Dapko, Arnold, and Arnold (2016) noted that transparency serves as a valuable tool to address stakeholder distrust, as well as, increasing smart management practices. Christensen and Cheney referred organizational transparency as a set of organizational practices that promote good governance and enhance democratic processes. Král and Cuskelly (2018) stated transparency had a similar meaning to two terms commonly used in governance—disclosure and accountability. Transparency had an intrinsic value and an instrumental value which included effectiveness, accountability, trust, fairness, and legitimacy (Hyndman & McConville, 2016; Parris et al., 2016; Valencia, Queiruga, & González-Benito, 2015).

When NPO leaders make publicly available information about the organization's mission, activities, and finance, the leadership portrays transparency and accountability to the NPO's stakeholders. Disclosure was the regulatory requirement or voluntary availability of information, while accountability, in the broader concept, was being responsible for doing things right (Král & Cuskelly, 2018). When organizational leaders are transparent about the organization's financial and nonfinancial information, stakeholders often have more trust in the organization (Kundeliene & Leitoniene, 2015). Kundeliene and Leitoniene stated that accessibility to information accessibility and transparency encouraged reliability, reliance on a company, and provided a conduit between the organizational leaders and stakeholders. Information in this case covered financial and nonfinancial information; disclosure in financial and social responsibility statements, annual reports, Internet websites, communication channels, and spread of information; and an organizations' public communication, ethics and reliance on it

(Kundeliene & Leitoniene, 2015). Furthermore, Holland, Krause, Provencher, and Seltzer (2018) tested message features of organizational transparency and found that organizational leaders were more transparent and credible when they exhibited greater levels of clarity, disclosure, and accuracy.

Král and Cuskelly (2018) contended that transparency was relevant whether the organization was for-profit or nonprofit. Král and Cuskelly found that depending on the geographical location and supported industry, disclosed information had either a positive or negative effect or no effect at all. In most circumstances, the disclosure of financial information had a positive effect on the NPO. Within the United States, the disclosure of financial information (*debt/total assets ratio*, *contributions/total revenues ratio*, *remunerations/total revenues ratio*, and *total assets*), and activity in higher education all had a positive effect for the NPO leadership (Král & Cuskelly, 2018). Cabedo, Fuertes-Fuertes, Maset-LLaudes, and Tirado-Beltrán (2018) included organization project information as a key element in an NPO's transparency, as the NPO's leaders rely on public trust. Researchers found that donors, volunteers, and other stakeholders are placing increased importance on accountability to the NPO leadership (Christensen & Cornelissen, 2015; Parris et al., 2016; Schnackenberg & Tomlinson, 2016; Slatten, Guidry Hollier, Stevens, Austin, & Carson, 2016).

**Efficiency.** Because of the increased accountability pressures from donors, NPO leaders are looking for ways to demonstrate their effectiveness (Charles & Kim, 2016; Faulk & Stewart, 2017; Liket & Maas, 2015). Miragaia, Brito, and Ferreira (2016) differentiated between effectiveness and efficiency, defining effectiveness as ensuring the

activities of the leaders attain the desired results and meet their objectives and efficiency as how the leader implemented the activities. Because of the nondistribution constraint and prohibition against private inurement as a 501(c)(3) organization, NPO leaders must deal with an efficiency challenge of what to do with potential fiscal surpluses (Mitchell & Calabrese, 2018).

NPO leaders that fail to focus on efficiency by minimizing fundraising and administrative costs, while maximizing funds for program activities might become at risk for decreased revenue (Krawczyk et al., 2017). In a study looking at efficiency and charitable giving, Ryazanov and Christenfeld (2018) found that donors had several options to give to a charity and deciding whether and how much to donate, and donors might use performance measurement in guiding donor donations to charities (Witmer & Mellinger, 2016). In addition to performance, donors look at the NPO leader's operational effectiveness. For an NPO, Ecer, Magro, and Sarpça (2017) wrote that efficiency was the fulfilling of the NPO's mission at the lowest cost. Quantifying the measurement of mission fulfillment is subjective (Ecer et al., 2017; Grieco, Michelini, & Iasevoli, 2015). Because of subjectivity, Ecer et al. adopted three efficiency measures: overhead ratio, administrative expense ratio, and fundraising ratio. NPO leaders can use each of the ratios to exhibit efficiency to prospective donors. Ryazanov and Christenfeld found that donors were sensitive to an organization's efficiency, choosing to give to more efficient charities.

***Overhead ratio.*** NPO leaders use the overhead ratio to show the proportion of expenditures used to raise contributions and manage revenues; a smaller overhead ratio

indicated a higher organizational efficiency (Ecer et al., 2017). The overhead ratio is depicted as  $(\text{Administrative Expenses} + \text{Fundraising Expenses} + \text{Special Event Expenses})/\text{Total Revenue}$  (Ecer et al., 2017).

**Administrative expense ratio.** NPO leaders use the administrative expense ratio to show administrative expenditures to total expenditures; a smaller administrative expense ratio indicated a higher efficiency in managing the NPO (Ecer et al., 2017). The administrative expense ratio is depicted as  $\text{Administrative Expenditures}/\text{Total Expenditures}$  (Ecer et al., 2017).

**Fundraising ratio.** In the third ratio, NPO leaders use the fundraising ratio to show how efficiently they can raise revenues; a smaller fundraising ratio indicated a higher efficiency (Ecer et al., 2017). Ecer et al. depicted the fundraising ratio as  $(\text{Fundraising Expenses} + \text{Special Event Expenses})/(\text{Total Contributions} + \text{Gross Special Event Income})$ .

Ecer et al. (2017) further found that the nonprofit sector was divided by differing strategies and sources of revenue as well as by operating efficiency. Ecer et al. found that when NPO leaders relied more on commercial revenues, NPO leaders had a higher efficiency in managing overhead and administrative expenses. In contrast, these same NPO leaders incurred lower efficiency in fundraising (Ecer et al., 2017). Similarly, Mayer et al. (2014) wrote that organizational efficiency was measured by administrative efficiency and fundraising efficiency, which were the ratios of administrative and fundraising expenses, respectively, to total expenses. However, when using administrative efficiency and fundraising efficiency, Carroll and Stater (2009) found that

the two measurement results showed an unclear result. Mayer et al. noted that the administrative and fundraising efficiencies had a negative relationship with revenue levels and a positive relationship with volatility. However, Tuckman and Chang (1991) wrote that higher administrative expenses, access to equity balances, many revenue sources, and high operating margins relate to financial flexibility. Tuckman and Chang went as far as stating that low administrative costs may relate to declining revenue and potentially show that the NPO was at risk. If NPO leadership find that their organization was at risk, McDonald, Weerawardena, Madhavaram, and Mort (2015) suggested that the leadership must commit to improving efficiency through lower cost or increased nonoperational revenue.

**Effectiveness.** NPO leader effectiveness directly affects the NPO's sustainability, and organizational effectiveness and leaders characterized effectiveness as including financial and nonfinancial criteria (Iwa, Kapondoro, Twum-Darko, & Tengeh, 2015). Iwa et al. (2015) went as far as stating that effectiveness was as important for an NPO as sustainability. Effectiveness was about achieving goal attainment within the NPO, and Iwa et al. argued that NPO leaders embed sustainability with goal attainment. However, NPO leaders goal attainment should be the achievement of the NPO's mandate (Iwa et al., 2015). Iwa et al. included five financial criteria and 16 nonfinancial criteria. The five financial criteria included (a) fundraising cost, (b) working capital, (c) liquidity, (d) financial soundness (sustainability and ability to attract donors), and (e) investment in information technology (Iwa et al., 2015). The 16 nonfinancial criteria for NPO effectiveness included (a) board or top management ability, (b) number of new clients,

(c) customer satisfaction, (d) number of clients retained, (e) marketing and advertising cost, (f) quality of management, (g) time to complete client-requested service, (h) quality of service, (i) ability to attract volunteers, (j) number of complaints from clients, (k) satisfaction of strategic constituencies, (l) ability to attract customers, (m) social responsibility, (n) legal compliance, (o) innovativeness, and (p) improvement in facilities (Iwa et al., 2015).

Willems, Jegers, and Faulk (2015) contended that an NPO's leadership effectiveness had a direct correlation with reputation—the reputation of the leadership and reputation of the organization. Reputation is from the individual stakeholder's view of the NPO and leadership, with trust and satisfaction as central concepts (Willems et al., 2015). Stakeholder's shape their perceptions by their experience with the NPO (Willems et al., 2015). NPO leadership can directly shape their stakeholder's experience and satisfaction through communication and representation and indirectly through fundraising activities, marketing, newsletters, and reports (Willems et al., 2015). Stakeholders will also be more satisfied and have trust in the NPO, if the leadership met or exceeded the NPO's goals, fulfilled the interests of the stakeholder; thus, potentially increasing monetary support to the NPO (Willems et al., 2015).

**Marketing.** The significance of marketing within NPOs increased when the American Marketing Association included NPO marketing practices within the definition of marketing (Lee, Ha, & Kim, 2018). “Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large” (American Marketing

Association, 2017). In society, there are unfilled needs, for example, in safety, health, education, and spirituality, and organizations arise to fill those needs and provide value (McDonald et al., 2015). In this sense of adding value, NPO leaders might use marketing to gain competitive advantage, increase awareness, educate the public about the NPO's mission, inspire potential donors, and generate revenue (McDonald et al., 2015). Čačija (2016) researched and linked NPO leadership and the success of the organization to the leadership's marketing process. Čačija contended that fundraising performance included both financial and nonfinancial dimensions, including marketing. In the same light, Wymer, Boenigk, and Möhlmann (2015) wrote that NPO leaders viewed marketing as a means to attract support or resources to the NPO and the NPO leader's branding activities enhanced the NPO's visibility and reputation. Khodakarami et al. (2015) stated that because the donor–NPO relationship normally develops over time, NPO leader's marketing efforts may have a significant influence on a donor's decision to give to multiple initiatives.

Some NPO leaders misunderstand the uses of marketing and often focus only on the profit motives (Čačija, 2016). Čačija (2016) further found that a majority of NPO leaders use marketing tools to focus on their beneficiaries and their satisfaction. However, only focusing on current beneficiaries, NPO leaders are missing the potential growth of donors and thus revenue that marketing tools and techniques bring to the NPO (Čačija, 2016). Čačija quantified that marketing activities have a positive influence on fundraising (financial and nonfinancial dimensions) performance and changes in

fundraising performance served as feedback to the leadership to adjust their marketing activities.

Wymer et al. (2015) illustrated several dimensions of NPO marketing, some of the major dimensions included: using the NPO's website to promote purposes and to communicate; informing the public to increase acceptance; using social media (Facebook, Twitter, YouTube) to communicate; producing information brochures; using to recognize the NPO; recruiting employees, volunteers, and members; communicating to target a particular group; using to acquire money donations and public funding; and organizing an event to serve various stakeholders. Each of these dimensions is characterized as either oriented to the brand, supporters, commercial, or service (Wymer et al., 2015). Only two of the dimensions are further discussed—using the NPO's website to promote purposes and to communicate and using the NPO's website to promote purposes and to communicate.

The first dimension, using the NPO's website to promote purposes and to communicate, focuses on the NPO leadership's use of the organization's webpage to communicate essential information to the public. The internet has become the crucial technology of the information age, having an impact on society, commerce, and the government. Having a presence on the internet is critical for an NPO leader to communicate with the NPO's stakeholders. In reviewing several communication options, Batra and Keller (2016) stated that a website had a great influence in conveying detailed information and connecting with people and a medium influence in creating awareness and salience, creating brand imagery and personality, eliciting emotions, inspiring action,



and instilling loyalty. Creating awareness and salience of the organization's products and services is the foundation of all brand and marketing efforts (Batra & Keller, 2016). After creating awareness and salience, organizational leadership can convey detailed information that provides information to convince the consumer of the advantages of choosing the organization's products and services (Batra & Keller, 2016). One way to demonstrate good stewardship is through the use of the organizational websites to transparently share information and demonstrate how effective the organization is in providing products and services (Pressgrove, McKeever, & Collins, 2015). Pressgrove et al. (2015) described four stewardship strategies—responsibility, reporting, reciprocity, and relationship nurturing—and found a mixture of information available on the NPO's website. Of the four stewardship strategies, the majority of the NPOs observed relationship nurturing and provided the information needed to nurture stakeholder relationships (Pressgrove et al., 2015). Effective NPO websites include several forms of information and content, to include: about us, mission, third-party credibility, annual report, financial information, financial gift recognition, volunteer and advocate recognition, list of partners, mailing list, blogs, events, local chapter, act, donate, membership, social media links, news coverage, organizational news, news pages, and RSS feeds (Pressgrove et al., 2015).

Having a searchable and accessible webpage is just the beginning to share information. The second dimension, the use of social media, has not increased at the same rate of for-profit companies and society in general. Although the increase is slower than the for-profit and general society, NPO leaders have embraced using social media

capabilities; however, leaders are not taking full advantage of the benefits of social media (Greenleaf, 2016). Social media is all about establishing and nurturing relationships. Companies engage in social media to contact and engage with the public in a positive way (Benthuis, Risius, & Beck, 2016; Greenleaf, 2016). Social media (e.g., Facebook, Twitter, LinkedIn, weblogs, and wikis) provide a range of social exchange over time with existing customers, potential customers, and other stakeholders through computers, smartphones, compact digital cameras, and digital video cameras (Wu, 2016). Leaders and researchers refer to social media as the digital word of mouth, and when organizational leaders use the capability effectively, promotion of ideas are available to dispersed individuals that might have marginal concerns (Wu, 2016). As part of a larger marketing strategy, social media may enable leaders to build loyal customers who will advocate for a company and its products (Risius & Beck, 2015). In doing so, NPO leaders can stabilize or increase revenue.

### **Other Contrasting/Rival Theories**

**Revenue concentration.** There are two different schools of thought about nonprofit revenue generation and management. The first school is about following the *breadth* strategies of revenue (de los Mozos et al., 2016) diversifying revenue to reduce vulnerability and volatility in revenue streams and the second is about following the *depth* strategies of revenue (de los Mozos et al., 2016) concentrating revenue streams to reduce overhead expenses and provide a higher increase in financial capacity. These two schools of thought dominate the literature on nonprofit revenue generation. Nonprofit revenue researchers advocating revenue diversification include Carroll and Stater (2009);

Chang and Tuckman (1991a, 1991b, 1994); Grasse et al. (2016); Kingma (1952); Tevel et al. (2015); Tuckman and Chang (1991); and von Schnurbein and Fritz (2017). Nonprofit researchers advocating revenue concentration include Chikoto and Neely (2014), Chikoto-Schultz and Neely (2016), and Foster and Fine (2007). The major differences between revenue diversification and revenue concentration lie in Bowman's (2011) dimensions of financial health—financial stability and financial capacity. Nonprofit revenue researchers advocating revenue diversification seek financial stability while nonprofit researchers advocating revenue concentration seek financial capacity (Chikoto-Schultz & Neely, 2016).

Foster and Fine (2007) countered nonprofit revenue diversification with nonprofit revenue concentration and emphasized that if NPO leaders wanted to unlock financial growth, then they should relook the NPO's revenue mix and concentrate their portfolio to a single or maybe two revenue streams. Researching 144 NPOs founded after 1969 that reached \$50 million in annual revenue by 2003, Foster and Fine found that leaders of those large NPOs focused the NPO's revenue streams to a single type of funder, for example, corporations or government. Foster and Fine identified three common practices of the 144 researched NPOs: (a) funding came from one concentrated source rather than across diverse sources, (b) used a funding source that matched the NPO's mission and beneficiaries, and (c) built a professional organization and structure around the funding model. Based on the latter common practice, leaders of those NPOs tailored the organization's mission and goals to their primary funding source (Foster & Fine, 2007). The five dominant funders Foster and Fine included were (a) the government (40% of the

144 NPOs), (b) service fees (33%), (c) corporate support (19%), (d) individuals (6%), and (e) foundations (2%).

Chikoto and Neely (2014) tested Foster and Fine's (2007) argument that revenue concentration contributed to NPO growth. Using NCCS digitized data (1998-2003), Chikoto and Neely found that if NPO leaders implemented a revenue concentration strategy, then the leaders might see positive growth in financial capacity, specifically total revenue, over time. When researchers deaggregate Hirschman-Herfindahl indices and compare revenue concentration and revenue diversification, researchers found that revenue concentration consistently had higher financial growth (Chikoto et al., 2016; Chikoto & Neely, 2014; Mitchell & Calabrese, 2018).

Revenue concentration includes two major benefits over revenue diversification. First, as discussed already is an increased level of growth in capacity. Second, overhead expenses may be lower because of lower administrative fees associated with revenue streams. However, using revenue concentration comes with costs. First and foremost is the potential of changing the NPO's mission and goals according to the primary funding source. Leaders of NPOs need to find a primary funding source that matches or comes close to matching the NPO's mission. Second, if the primary funding source does not match in total or in large part, the administrators of the primary funding source may influence changing the NPO's mission. Third, reliance on the primary funding source increases and the NPO leaders become dependent on and influenced by that source (Chang & Tuckman, 1994; Chikoto & Neely, 2014; Tuckman & Chang, 1991). When NPO leaders utilize revenue diversification, the dependence on any one single revenue

source is negated, allowing the NPO leadership to remain independent (von Schnurbein & Fritz, 2017).

**Resource dependence theory.** Pfeffer and Salancik (1978) described the foundation of resource dependency as “The key to organizational survival is the ability to acquire and maintain resources” (p. 2). In developing resource dependence theory, Pfeffer and Salancik (1978, 2003) presented in their seminal works three themes: (a) environmental effects on organizations; (b) organizational efforts to manage environmental constraints; and (c) how environmental constraint affects internal organizational dynamics. Since Pfeffer and Salancik’s (1978) release and subsequent 2003 update, scholars have integrated resource dependence theory into the organizational strategy of for-profits (Powell & Rey, 2015). Pfeffer and Salancik (2003) stated that because self-containment and self-sufficiency were not possible for particular organizations, those organizations become reliant on their environments for important resources and support. However, some organizational leadership had an increased influence over other organizational leadership because of the particularities of their interdependence and their social space location (Pfeffer & Salancik, 1978, 2003). Pfeffer and Salancik (1978, 2003) argued that a power-related connection existed between external interdependence and internal organizational processes, and because of this power, individuals and organizations could better manage with uncertainties.

De los Mozos et al. (2016) referred to resource dependence theory as the main theoretical framework to explain NPOs fundraising efforts. An organization survives and performs their mission because leadership can acquire and maintain resources, although

the leaders have no or minimal control of the changes in the environment the business is in (Pfeffer & Salancik, 1978, 2003). Resource dependence theory explains how leaders cope with fiscal recession-induced resource deficiencies by making strategic choices to manage the deficiencies (Moldavanova & Goerdel, 2018).

The more reliant NPO leaders are with external organizations, leaders from those organizations can have a say in the NPO's affairs (Khieng & Dahles, 2015). Because the NPO's social mission and resource scarcities influence an NPO leaders' strategies (Ogliastri et al., 2016), the less autonomous the NPO becomes, the leaders might adapt their social mission to the resource (Neumayr, Schneider, & Meyer, 2015; Pfeffer & Salancik, 2003). Froelich (1999) preferred an NPO picture as one traveling an unfettered path in pursuit of its goals, free of mundane concerns associated with resource acquisition. However, reality will set in, and the picture will change to one of NPO leadership looking for revenue to execute the NPO mission (Froelich, 1999). NPO leaders strategize and decide on what revenue strategy to use to fund the NPO and allow the execution of the NPO's mission, whether the strategy is revenue concentration or revenue diversification. Froelich described each major revenue source and the potential dependency which each resource incurs. Shea and Wong (2016) asserted that strong constraints on the use of the revenue source create vulnerability for the NPO leaders to navigate. Each revenue source the NPO leaders use creates a different level of dependency on external entities, for example, the government in the form of grants, individual or corporate donors, or commercial activity and NPO leaders must manage the incurred dependencies (de los Mozos et al., 2016; Froelich, 1999). Regarding NPO

generating revenue, revenue diversification maximized resource independence (Chang & Tuckman, 1994; de los Mozos et al., 2016; Pfeffer & Salancik, 2003; Tevel, 2015), while revenue concentration increased dependence (de los Mozos et al., 2016). However, de los Mozos et al. (2016) countered the increased dependence with the notion that NPO leaders that use revenue concentration can better predict their revenue.

**Benefits theory.** Instead of using benefits theory, Young (2007) used the normative theory of nonprofit finance which highlighted the various nonprofit funding sources and how NPO leaders could portfolio those sources. Young (2007) covered sources of support for operations, sources of capital, and income and asset portfolios. Nonprofit scholars use Young's (2007) publication to understand nonprofit finance. Young (2017) formally announced the benefits theory to assist social purpose organization (SPO) leaders finance the organization's mission. When looking at how private organizations contribute to the public good and how complex the environment became, Young (2017) posited a more generic term of SPO, which includes and expands beyond NPOs. Young (2017) anchored benefits theory in the SPO leadership's pursuit of their mission. Young (2017) conveyed that in benefits theory, all sources of support are transactional, and a direct exchange occurs between the SPO and the various groups of client, consumers, or constituents—also referred to as stakeholders, whether—through goods and services, which the various groups or their sponsors are prepared to pay.

Drawing on Young's (2007, 2017) benefits theory and Pfeffer and Salancik's (1978, 2003) resource dependence theory, Kim, Pandey, and Pandey (2017) explored the relationships between different revenue types and the extent to which performing arts

nonprofits offer free access to private, group, trade, and public benefits and provided an application benefits theory to other NPOs. Private benefits accumulate to individuals who are willing to pay (Young, 2007, 2017). Kim et al. conveyed examples of revenue streams that fall into the private benefit category include core mission activities (e.g., admissions, tickets, subscriptions, membership dues, workshops, and tuition); and external revenue that is different from or not tied to the NPO's core mission activities (e.g., gift shop, concessions, parking, rent, advertising, sponsorship, and special events). Group benefits accumulate to a specified societal subgroup and donors are interested in supporting that group (Young, 2007). Kim et al. conveyed that tax deduction and potential recognition at events as examples of group benefits. Trade benefits accumulate to institutions or groups that supply resources (Young, 2007). Examples of trade benefits include sources of revenue that create reciprocal relationships (Kim et al., 2017). The final benefit, public benefits, accumulate to the general public from publicly supported government financing (Young, 2007). Government funding includes grants, commissions, and operating support (Kim et al., 2017).

In their final analysis, Kim et al. (2017) presented the case that arts NPOs expanded free access to cultural programs when there was an increased level of local government, foundation, and corporate giving. Additionally, Kim et al. recommended additional research on how NPO leaders could better serve public purposes while using benefits theory.

**Path dependency theory.** In path dependency, the past has a powerful effect on the present (Brady, Marquardt, Gauchat, & Reynolds, 2016). In applying path



dependency theory to NPOs, von Schnurbein (2017) wrote that scholars and researchers use path dependency theory to change the direction of the cause of the change from the developed capability to past decisions that influenced current conditions. Therefore, the present solution or capability might not be the most sufficient, with several parallel solutions existing that require investigation (von Schnurbein, 2017). At the core of the path dependency theory are three areas: positive feedback, nonergodicity, and irreversibility (Breßler, Langer, & Hüsigg, 2016; von Schnurbein, 2017). Breßler et al. (2016) associated path dependency theory to sustained stabilization because of the lock-in status of a found solution. Because of unanswered questions, a crisis, or insertion of innovations, leaders might deviate from the associated path (Breßler et al., 2016).

Von Schnurbein (2017) stated that many aspects of NPO development stemmed from the NPO's foundation and is grounded in the foundational documents like the charter. Von Schnurbein applied the path dependency theory to further analyze an NPO's leadership's behavior and influence on financial growth. Because of the dependence of past events and decisions, von Schnurbein pointed out that path dependence theory would be contradictory to NPO leaders adapting to the organization's environment, including adding to or deleting different revenue streams. Similarly, Mitchell (2017) stated that leaders of NPOs continually look to expand the NPO to meet the growing needs of society and serve those potential beneficiaries needing assistance. Chikoto and Neely (2014) pointed out that the NPO leader's decision to diversify or concentrate the NPO's revenue could be the result of conscious strategizing and path dependence. Based on von Schnurbein, Chikoto and Neely's assertion would hold true if, at the beginning of the

NPO's founding, that conscious strategizing occurred. Further consequences of path dependency theory applied to NPOs include: (a) the inability to make changes to the NPO or revenue sourcing because of restricted assets and (b) older NPOs may exhibit a lock-in status—where although feedback provides the need to change, leaders are unable to make organizational changes because of the irreversibility aspect of path dependency theory. Therefore, rigid adherence to norms of appropriate financial behavior based on prior decisions may impede an NPOs leadership's ability to respond (Mitchell, 2017).

### **Themes From My Review of the Professional and Academic Literature**

I found various themes from my literature review that included strategies that NPO leaders can use to diversify their organization's revenue portfolio and grow funding sources. NPO leaders use various strategies to diversify their organization's revenue that does not just include adding revenue streams. These strategies included (a) establishing and maintaining an operating reserve of at least three months of operating expenses; (b) achieving and maintaining positive financial performance; (c) achieving and maintaining financial stability, sustainability, organizational capacity, and organizational resilience; and (d) using key enablers to revenue diversification, including transparency, achieving and maintaining efficiency through established policies and procedures, organizational effectiveness, and using a marketing strategy.

### **Transition**

In Section 1, I presented the foundation of the study. Components of the foundation of the study that I covered within this section included: background of the problem; problem statement; purpose statement; nature of the study; research question;

interview questions; conceptual framework; operational definitions; assumptions, limitations, and delimitations; significance of the study, and finishing out with the review of the professional and academic literature.

Section 2 contains an in-depth description of the project for this study. I include a comprehensive analysis of the research purpose, the role of the researcher, participants, research method and design, population and sampling, ethical research considerations, data collection and analysis techniques, the reliability and validity of the data, and a summary of the section. Within this section, I provided measures I used to protect each participant as a human subject and identified how I stored and retained data.

In Section 3, I detailed my use of the 2017-2018 Baldrige Performance Excellence Framework as a tool to conduct a comprehensive analysis of my client organization ASD Foundation and my interview questions to collect data for this qualitative single-case study. The Baldrige criteria and organizational profile from the Baldrige Performance Excellence Framework (2017a, 2017b) helped me evaluate the strengths and opportunities for improvement of my client ASD Foundation. Consistent with the 2017-2018 Baldrige Performance Excellence Framework, I explored my client organization's leadership, strategies, customers, workforce, operations, and results. I begin Section 3 with my client ASD Foundation's key factors worksheet, then detail ASD Foundation's leadership triad of leadership, strategy, and customers; results triad of workforce, operations, and results; collection, analysis, and knowledge management; and complete the section with a project summary, contributions, and recommendations.

## Section 2: The Project

In Section 1, the focus was the foundation of the study, including the background of the problem; problem statement; purpose statement; nature of the study; research question; interview questions; conceptual framework; operational definitions; assumptions, limitations, and delimitations; significance of the study, and review of the professional and academic literature. I focused the literature review on the problem statement and research question, specifically focusing on revenue diversification for NPOs. The literature review covered five areas: defining the NPO, history of modern portfolio theory and application of the theory to NPOs, NPO revenue diversification, NPO enablers of revenue diversification, and contrasting or rival theories of modern portfolio theory.

In Section 2, I restate the study's purpose and present my role as the researcher, the participants in the study and how I identified them, the research method and design, ethical research considerations, data collection and analysis techniques, reliability and validity of the data, and a summary of the section. Within this section, I include the measures that I used to protect each participant as a human subject and identify how I will meet requirements for data storage and retention.

### **Purpose Statement**

The purpose of this qualitative single-case study was to explore diversification strategies that NPO executives use to grow funding sources. The targeted population for this study initially consisted of four executives, including the chief executive officer, coordinator for marketing and development, coordinator for fundraising, and chairman of

the board of an NPO in the mid-Atlantic region of the United States who had successfully implemented diversification strategies to grow funding sources. Because of operationalizing a new organizational structure (Figure 3) and recommendations from the chief executive officer, the population changed to include the (a) chairman of the board, (b) chief executive officer, (c) director of education and training, (d) chief financial officer, (e) education and training manager, (f) approved instructor support department manager, (g) membership and continuing education program coordinator, (h) development coordinator, and (i) the cofounders of the NPO. The study has implications for positive social change in that the findings may enable NPO executives to gain new insights and strategies to support revenue diversification to reduce volatility in funding, decrease financial risk, avoid dependence on sole-source revenue streams, and identify opportunities to increase flexibility in support of organizational goals and objectives to increase services.

### **Role of the Researcher**

In a qualitative study, the researcher serves as the instrument to explore, describe, explain, accurately document, and store collected study data (P. Fusch & Ness, 2015; Marshall & Rossman, 2016; Yates & Legget, 2016). For this qualitative, single-case study, I served as an external researcher and as the primary instrument for data collection. Within the context of the Walden DBA Consulting Capstone and using the Baldrige Performance Excellence Framework (2017a), I collected and analyzed data and information to help my nonprofit client's leaders make fact-based decisions about improving the performance of their organization. I had no direct experience working with

an NPO, working with the participants I used in the study, or working as a consultant in the nonprofit sector.

In 1979, the U.S. Department of Health and Human Services released the Belmont Report, which summarized basic ethical principles underlying the conduct of biomedical and behavioral research involving human subjects and developed guidelines for researchers to follow. Bromley, Mikesell, Jones, and Khodyakov (2015) provided a set of four principles consistent with the Belmont Report for researchers to use to ensure that they carry out their research involving participants according to the Belmont Report's basic ethical principles. Individual researchers have a great responsibility for managing ethical dilemmas (Kara & Pickering, 2017), and I followed the guidelines and principles contained in the Belmont Report.

Walden University's senior leader and the leader of my assigned NPO client signed a DBA Research Agreement, which stipulates the responsibilities of each party. Each participant signed a consent form and volunteered to participate in the case study. I ethically treated each participant and abided by Walden University's Institutional Review Board (IRB) requirements, which included following the guidelines of using preapproved data sources and tools. The Walden University IRB ensures that all Walden University research complies with the university's ethical standards as well as federal regulations of the United States, and Walden University leadership requires each student to obtain IRB approval to protect the interest of human subjects when collecting or analyzing data (Walden University, 2017b). When there might be an unclear matter, the IRB has

discretion in ensuring the ethical conduct of research within the university (Henry, Romano, & Yarborough, 2016).

I obtained IRB approval (approval number 09-12-17-0720594) before collecting client data by conducting interviews with senior leaders and researching my client's public data and internal archival data, including records, documents, artifacts, and related literature. In single-case studies, the researcher performs detailed queries for information that might provide detailed descriptions of the organization or industry over a specified period (Cornelissen, 2017; de Jong, Higgins, & van Driel, 2015). I reviewed organizational archival information, used GuideStar (2018a) organizational financial data, and conducted both in-person and telephonic semistructured interviews.

Saunders et al. (2016) described a researcher's bias as any factor that induces bias in the researcher's recording of responses. Marshall and Rossman (2016) referred to bias as the researcher's passion, excitement, and insight that stimulate a research project and come from the researcher's identity, experience, and values. Researchers need to understand that their worldview or personal lens poses potential bias, and researchers need to address and mitigate their bias during data collection and analysis (P. Fusch & Ness, 2015). Case study researchers use various strategies to ensure rigor and minimize bias, including the use of a journal or diary to document personal feelings and reactions (Cope, 2015; Finch, Peacock, Lazdowski, & Hwang, 2015; Orange, 2016). Yin (2018) wrote that avoiding bias was but one facet of research ethics. Yin stated that when a researcher is a good listener, remains open to contrary evidence, and has an adaptive posture, the researcher minimizes risk. Morse (2015a) presented four approaches to

mitigate bias that are pertinent to this study: (a) understanding that one has biases that might influence one's actions, (b) using questions that do not contain bias, (c) performing member checking, and (d) performing triangulation of collected data. My strategy to minimize bias and ensure data saturation included admitting that I had personal biases and mitigating my biases through the following means: (a) remaining open and transparent; (b) using journals; (c) using an interview protocol; (d) using member checking of recorded interviews, where permitted; and (e) maintaining high ethical standards.

In preparing to conduct face-to-face or telephonic semistructured interviews, a qualitative researcher might create an interview protocol containing a step-by-step approach, which then guides the researcher through the interview process (Benia, Hauck-Filho, Dillenburg, & Stein, 2015) to achieve rigorous data collection and trustworthiness for the study (Castillo-Montoya, 2016). Researchers should use an interview protocol that includes a list of topics or a set of questions, including follow-up questions (Castillo-Montoya, 2016; P. Fusch, Fusch, & Ness, 2017; Kallio, Pietilä, Johnson, & Kangasniemi, 2016; Marshall & Rossman, 2016). In preparing for and conducting semistructured interviews, I used an interview protocol (refer to Appendices A and B) that contained a list of primary and follow-up questions linked to my specific business problem and the criteria of performance excellence in the Baldrige Performance Excellence Framework (2017a).



## Participants

Case study researchers establish eligibility or selection criteria to include or exclude potential participants (Gentiles, Charles, Ploeg, & McKibbon, 2015; Lewis, 2015; McIntosh & Morse, 2015; Palinkas et al., 2015). P. Fusch and Ness (2015) stated that a researcher's eligibility criteria should also align with the study's research question to help in data saturation. Sarma (2015) posited that researchers using the qualitative research method might conduct their research with a small number of participants in a certain organization. The participants in my study were executives and directors of an NPO in the mid-Atlantic region of the United States who had successfully implemented diversification strategies to grow funding sources and were willing to undergo a systems-based assessment according to the criteria of the Baldrige Performance Excellence Framework. The participants included the (a) chairman of the board, (b) chief executive officer, (c) director of education and training, (d) chief financial officer, (e) education and training manager, (f) approved instructor support department manager, (g) membership and continuing education program coordinator, (h) development coordinator, and (i) cofounders of the NPO. To be eligible for this study, individuals needed to be actively employed as leaders at this specific NPO and to have achieved success in implementing diversification strategies to grow funding sources.

As a scholar-consultant, I was completing a DBA Consulting Capstone project. As part of the DBA Consulting Capstone project, Walden University administrators and faculty vetted client organizations before assigning the respective NPO to me. Once I received IRB approval, I gained access to the chief executive officer and the education

and training manager of an NPO in the mid-Atlantic region of the United States and contacted participants via e-mail and by telephone calls to establish an initial relationship. I identify this NPO using the pseudonym ASD Foundation, referring to the group of executive participants as SLs.

A working relationship between researcher and participants is critical to the success of research (Lincoln & Guba, 1985). I established a working relationship with the participants of the ASD Foundation by learning about their organization and attending a client-offered training event with the permission of my doctoral committee. The purpose of this qualitative single-case study was to explore diversification strategies that NPO executives use to grow funding sources. The participants of this study all worked in the client ASD Foundation, had achieved success in diversifying revenue streams, and had proven able to grow funding sources.

### **Research Method and Design**

In this section, I extend the Nature of the Study discussion in Section 1 and expand on the topics of the research method and research design.

#### **Research Method**

I used the qualitative method to explore diversification strategies that NPO executives used to grow funding sources. Exploring how people make sense of their world is a key aim of qualitative research (Holloway & Galvin, 2017; P. Fusch et al., 2017). Researchers using qualitative methods may make important contributions to achieving social validity, which is a hallmark of applied behavior analysis, through sources such as users or participants (Kozleski, 2017). When a researcher wants to

understand the human condition in different contexts and a perceived situation, the qualitative method may be useful for the researcher to use (Bengtsson, 2016). Qualitative research typically takes place in the natural world, draws on numerous methods to protect participants, focuses on context, and is emergent, evolving, and interpretive (Marshall & Rossman, 2016). I used the qualitative method to produce rich and related detailed accounts of organizational phenomena (Cornelissen, 2017; Marshall & Rossman, 2016).

The qualitative and quantitative research methods are fundamentally different. The qualitative researcher provides a basis for a thick and rich description of discovery through interviews, literature and artifact research, and observation of the phenomenon (Park & Park, 2016) and answers questions about the *what*, *how*, or *why* of a phenomenon rather than *how many* or *how much*, which the researcher would answer using quantitative methods (McCusker & Gunaydin, 2015). To get to *what*, *how*, or *why* of a phenomenon, the researcher might perform in-depth interviews with subjects that contain open-ended questions (Marshall & Rossman, 2016; Yates & Leggett, 2016) and might review documents, case histories, and observations (Park & Park, 2016). The qualitative method was suitable for this study because my goal was to generate rich and detailed accounts of diversification strategies that NPO executives use to grow funding sources through in-depth interviews of senior leaders, as well as to review my client's public data, internal archival data, and literature as data. I did not use the quantitative method because I did not examine relationships among numerically measured analyzed variables (Marshall & Rossman, 2016; Saunders et al., 2016) or test a stated hypothesis (Uzonwanne, 2016).

Researchers use the mixed method approach, a combination of qualitative and quantitative data collection and analysis techniques, when exploring complex research questions (Marshall & Rossman, 2016; McCusker & Gunaydin, 2015). However, using the mixed method approach is costly in resources and time (McCusker & Gunaydin, 2015). I did not need a combined data collection and analytical process; therefore, the mixed method was not appropriate for this research.

### **Research Design**

The researcher should choose the design that has the best chance of answering the research questions (Marshall & Rossman, 2016; P. Fusch et al., 2017; P. Fusch & Ness, 2015). In qualitative research design, the researcher bases the study on naturally occurring activities and processes; the researcher does not attempt to influence the phenomenon or participants for purposes of evaluation (Dasgupta, 2015), but to understand, describe, and interpret the phenomenon perceived by the individual, group, and culture (Holloway & Galvin, 2017). Research designs within the qualitative method include case study, ethnography, grounded theory, phenomenological, and narrative designs (Gelling, 2015; Marshall & Rossman, 2016; Saunders et al., 2016).

I used the single-case study to support the qualitative research method. Of the qualitative research methodologies, a case study is one of the methods most frequently used by researchers (Yazan, 2015). Researchers use a case study in all of the social and natural science disciplines and the humanities (Elman, Gerring, & Mahoney, 2016). The case study design is an empirical method to investigate a contemporary phenomenon in depth, from multiple perspectives, and within its real-world context, where the

boundaries between the phenomenon and its context are not clear (Cope, 2015; Gaya & Smith, 2016; Ridder, 2017; Taylor & Thomas-Gregory, 2015; Yin, 2018).

Yin (2018) extended the discussion of the case study design, stating that every empirical study has a research design and contending that critical to that design is the case. Yin argued that a case study might be single case or multiple case, exploratory, explanatory, or descriptive. Yin contended that a single-case study is an appropriate design under several circumstances and having one or more of five single-case rationales—having a critical, unusual, common, revelatory, or longitudinal case. A researcher uses a common case to capture the circumstances and conditions of an everyday situation (Yin, 2018). The researcher uses a multiple-case study to examine complementary components of the main research question (Yin, 2018). A researcher might use an exploratory case study to identify the research questions or procedures to use in a subsequent research study (Yin, 2018). According to Yin, a researcher might want to use an explanatory case study to explain how or why some condition came to be (e.g., how or why some sequence of events occurred or not). Because the phenomenon I researched was bound to a single case, I used a single-case study. Supporting the single-case study, I used the Baldrige Performance Excellence Framework (2017a) to frame my questions and research on my nonprofit client.

Other qualitative research designs include ethnography, grounded theory, phenomenological, and narrative designs (Gelling, 2015; Marshall & Rossman, 2016; Saunders et al., 2016). The ethnography research design involves creating a picture of the way of life of some culture or social group with a focus on how people interact with each

other (G. Fusch, Fusch, Booker, & Fusch, 2016; Marshall & Rossman, 2016; Park & Park, 2016; Saunders et al., 2016). I did not select the ethnography research design because I did not seek to research and understand people or social groups and how they interact. In the grounded theory research design, the researcher seeks to build explanations and interpret social phenomena to develop data and theories (Corbin, 2017; Marshall & Rossman, 2016). Because I did not need to develop data or theories, the grounded theory design was not appropriate for this study. In the phenomenological research design, researchers take on the roles of others to describe human experiences and understand the dynamics of the social world (Facchin & Margola, 2016; Fieril, Olsén, Glantz, & Premberg, 2017; Park & Park, 2016). Because my goal was to explore NPO leaders' strategies for revenue diversification by generating insights from interviews conducted in real-life settings, the phenomenological design was not appropriate for this study. In the narrative research design, a researcher uses personal stories to collect personal life experience descriptions, with experiences retold in detail and rich description (Graci & Fivush, 2017; Lewis, 2015). Because my goal was to explore NPO leaders' strategies for revenue diversification by generating insights from interviews conducted in real-life settings, the narrative research design was not appropriate for this study.

Saturation is about the researcher building rich data within the process of inquiry; the amount of data is not the key point, but the richness or depth of the data (Morse, 2015b). The researcher reaches data saturation when the researcher can replicate the study without attaining new information, and the researcher no longer requires additional

coding (P. Fusch & Ness, 2015). There is a link between data saturation and validity, and without data saturation, the researcher's qualitative study will lack validity (Roy, Zvonkovic, Goldberg, Sharp, & LaRossa, 2015). To reach data saturation in this single-case study, I used a purposeful sample from my client ASD Foundation's executives, senior staff, and cofounders. Purposeful sampling, later covered under the Population and Sampling section, assists the researcher in identifying and selecting information-rich cases and individuals or groups of individuals that have knowledge and experience in the phenomenon of interest (Palinkas et al., 2015). To assist in reaching data saturation and credibility, a researcher will use triangulation (Lincoln & Guba, 1985; P. Fusch & Ness, 2015) and member checking (Hays, Wood, Dahl, & Kirk-Jenkins, 2016; Heale & Twycross, 2015; Lincoln & Guba, 1985; Marshall & Rossman, 2016). I used triangulation and member checking to help me reach data saturation and credibility.

### **Population and Sampling**

For this qualitative single-case study, the population included an initial purposeful sampling of four senior leaders of my client, ASD Foundation, located in the mid-Atlantic region of the United States who utilized diversification strategies to grow funding sources. Because on an operationalization of a new organizational structure and recommendations from the chief executive officer, the purposeful sampling grew to ten SLs. Purposeful sampling is probably the most commonly described means of sampling in the qualitative methods literature (Duan, Bhaumik, Palinkas, & Hoagwood, 2015; Gentles et al., 2015) to attain in-depth, rich data (Benoot, Hannes, & Bilsen, 2016). Gentles et al. (2015) pointed out that both purposeful and purposive sampling are

equivalent, except that researchers use purposeful sampling exclusively in qualitative research, whereas, researchers used purposive sampling in quantitative research. Benoot et al. (2016) pointed out that researchers used purposeful sampling to find cases or research articles that paralleled the research question. Purposeful sampling can also help the researcher in selecting participants (Bungay, Oliffe, & Atchison, 2016).

Saunders et al. (2016) defined data saturation when any additional collected data provides few if any, new insights. Morse (2015b) pointed out that the researcher, keeping in mind the depth of the topic and the replication of data from several participants, might reach saturation. Further, the sampling must be large enough to replicate and include interviewed experts in the phenomenon of interest (Morse, 2015b). To reach data saturation, I included information gathered from literature reviews, current and archived client data reviews, and continual semistructured interviews comprised of multilevel open-ended questions of the single-case study participants. The importance is not the number of participants in the study but the participant-provided depth and richness of data that might allow data saturation to occur (P. Fusch & Ness, 2015; Roy et al., 2015). I reached data saturation when data and information I gathered revealed no new information.

The client organization met specific Walden criteria to be part of the DBA Consulting Capstone project. The participants of my study were executives and senior staff of an NPO in the mid-Atlantic region of the United States who successfully implemented diversification strategies to grow funding sources. The participants included the (a) chairman of the board, (b) chief executive officer, (c) director of education and



training, (d) chief financial officer, (e) education and training manager, (f) approved instructor support department manager, (g) membership and continuing education program coordinator, (h) the development coordinator, and (i) the cofounders of the NPO. To be eligible for this study, the participants needed to have active employment as leaders at this specific nonprofit organization and have had success in implementing diversification strategies to grow funding sources.

Once I received IRB approval, I gained access to the chief executive officer and the education and training manager of the ASD Foundation in the mid-Atlantic region of the United States and contacted the participants via e-mail and by telephone calls, establishing an initial relationship. With permission of my Doctoral Committee, I attended a client-offered training event allowing me to gain background information of my client and attended meetings of the board of directors and the two cofounders, which allowed me to brief the directors and cofounders and answer their questions.

As a requirement of Walden University, the DBA program, and an ethical requirement, I requested informed consent from the participants of the study before conducting Section 3 research. During Section 3 research, I conducted face-to-face and telephonic semistructured interviews that included open-ended questions with four executives of ASD Foundation that has been in operation for 29 years. Using a semistructured interview structure and open-ended questions allow the researcher to utilize an interview protocol and allows the participant to freely respond to the question (Castillo-Montoya, 2016; Dikko, 2016). According to P. Fusch and Ness (2015), using semistructured interviews combined with a review of literature and material is one way to

achieve data saturation. I continued to conduct semistructured interviews and utilized email communication to reach data saturation.

### **Ethical Research**

Yin (2018) emphasized that case study researchers are obligated to important ethical practices such as those followed in medical research. Marshall and Rossman (2016) emphasized that ethics requires a focus on the relationship between the researcher and participants, stakeholders, peers, and the larger community of discourse. Further, there are three moral principles of respect for persons, beneficence, and justice that provide the foundation for ethical research (Marshall & Rossman, 2016). The most common ethical principles a researcher uses include minimizing harm, respecting autonomy, preserving privacy, and acting equitably (Hammersley, 2015). Yin further signified the importance of the researcher's responsibility of protection, with the following five protections: gaining informed consent, do no harm, protecting the privacy and confidentiality of participants, protecting vulnerable groups, and selecting participants equitably.

Upon receiving IRB approval (approval number 09-12-17-0720594), I began interviewing my study participants. As a requirement of Walden University, the DBA program, and an ethical requirement, I requested informed consent from the participants of the study before conducting Section 3 research. Informed consent is a widely accepted legal, ethical, and regulatory requirement and is an essential component for research involving human beings and ethical research (Grady, 2015; Katz & Webb, 2016; Marshall & Rossman, 2016; Spatz, Krumholz, & Moulton, 2016). Katz and Webb and

Kaye et al. (2015) researched the ethics involved in informed consent, stating that gaining informed consent is not only essential but mandatory by law under 45 CFR 46, §46.116 and under the Supreme Court of the United Kingdom's 2015 decision in *Montgomery v. Lanarkshire* (Chan et al., 2017; Spatz et al., 2016).

According to the DBA Capstone Consent Form for Senior Leaders and DBA Research Agreement, participation in the study was voluntary, and the participants could withdraw from the study (Walden University, 2017a). Research participants received neither compensation nor any incentives related to their participation in the study (Walden University, 2017a). The researcher can remove identifying information that may compromise the participant or organization to maintain confidentiality (McIntosh & Morse, 2015; Morse & Coulehan, 2015). To protect the identity of the participants, I redacted all identifying information from interview transcripts and gists, organizational results, and collected data. When I conducted telephonic interviews, I secluded myself in an area or conference room to allow privacy during the interview. Upon request, I only shared the recording of the interview with the interviewee and redacted identifying organization information from the interview transcripts and gists. When referring to my client organization, I used a pseudonym to protect the organization's identification. In one case of my client's services, I also used a pseudonym of the event to protect the organization's identification further. When a situation occurred that the DBA Capstone Consent Form for Senior Leaders or DBA Research Agreement did not cover, Resnik (2015) advocated that the researcher contact the university's IRB infrastructure for resolution. To ensure confidentiality, I am retaining all electronic information in a

secured electronic folder located on removable media, and storing the media in a secured file cabinet for 5 years, and then I will destroy. I am retaining all nonelectronic information in a secured file cabinet for 5 years.

### **Data Collection Instruments**

In qualitative studies, the researcher performs as the instrument to explore, describe, explain, accurately document data, and store collected study data (P. Fusch et al., 2017; P. Fusch & Ness, 2015; Marshall & Rossman, 2016; Pandey & Chawla, 2016; Yates & Legget, 2016). For this qualitative, single-case study, I served as an external researcher and as the primary instrument for data collection. The researcher must decide on what types of data to collect and how to analyze that data (Gelling, 2015; Pandey & Chawla, 2016). I used face-to-face and telephonic semistructured interviews and reviewed public reports and websites; internal archival records, documents, and artifacts of my client ASD Foundation; and literature as data. My objective of the interviews and material search was to explore diversification strategies that NPO executives use to grow funding sources.

Data collection based on rigorous data collection procedures can essentially influence the results of the study (Kallio et al., 2016; Morse, 2015a). When I conducted the semistructured interviews, I followed an interview protocol (Appendices A and B) while using multilevel open-ended questions. Using semistructured interview structure and multilevel open-ended questions allow the researcher to use an interview protocol and allow the participant to freely respond to the question (Benia et al., 2015; Castillo-Montoya, 2016; Dikko, 2016). Using semistructured interviews combined with a review

of literature and material is one way to achieve data saturation (P. Fusch et al., 2017; P. Fusch & Ness, 2015). I also utilized email communication to reach data saturation. I based my semistructured interviews, review of organizational material, and analysis of the Baldrige Performance Excellence Framework (2017a) seven criteria for performance excellence (a) leadership; (b) strategy; (c) customers; (d) measurement, analysis, and knowledge management; (e) workforce; (f) operations, and (g) results and the case study's research question.

The overall purpose of any study is simple, and that is to answer the research question (P. Fusch et al., 2017). Yin (2018) stated that each case study researcher should use a case study protocol, which contains the procedures and general rules the researcher should follow, to ensure reliability. To stay focused, I used the established Walden University Doctoral Study Rubric and Handbook (Walden University, 2016) as my case study protocol that further assisted me through the single-case study. I also used two interview protocols (Appendices A and B), one for the case study research and the second for the Baldrige Excellence criteria, which complemented the Walden University Doctoral Study Rubric and Handbook's prescribed format. Within the interview protocols, I included the (a) overall research question, (b) interview questions I stated in the Research Question and Interview Questions sections, and (c) Baldrige Performance Excellence Framework (2017a) criteria for performance excellence.

Because of the proximity of my client organization, ASD Foundation, I conducted face-to-face interviews as well as telephonic interviews. I audio recorded each interview and asked each participant for permission to record the interview although the informed

consent form included the clause to allow permission to record the interview. Maryland is one of the states, which requires the consent of every party to a phone call or conversation to make the recording lawful (General Assembly of Maryland, 2016). An audio recording of interviews provides a more accurate rendition of an interview than only taking notes (Ranney, Meisel, Choo, & Sasson, 2015; Yazan, 2015; Yin, 2018). However, the researcher shall only audio record if they have a specific plan for transcribing the recorded interview (Yin, 2018).

I used two techniques to ensure reliability and validity: member checking and methodological triangulation. First, member checking, also referred to as respondent or participant validation, involves the researcher providing the participant research data, including (a) a transcript of the participants own interview, (b) a copy of emerging findings, and (c) draft and final versions of the doctoral study, to provide comments to and to confirm and validate (Ballie, 2015; Birt, Scott, Cavers, Campbell, & Walter, 2016; Harvey, 2015; Hays et al., 2016; Lincoln & Guba, 1985; Morse, 2015b; Thomas, 2017). Because I was not performing a clinical case study, a verbatim, word-for-word transcript of the interview was not required. Therefore, I provided the participants with a gist of the interview that covered the essence of the discussion for member checking.

Second, I collected data from several sources that included researched literature, artifacts provided by my client, and interview data. In methodological triangulation, the researcher will correlate data from multiple data collection methods (P. Fusch & Ness, 2015). Methodological triangulation adds depth to the data that the researcher collects and will assist in reaching data saturation (P. Fusch et al., 2017) and assist in establishing

confirmability (Lincoln & Guba, 1985). There are two types of methodological triangulation (a) within-method triangulation and (b) between- or across-method triangulation (Joslin & Müller, 2016). Within-method triangulation occurs within qualitative or quantitative but not both (Joslin & Müller, 2016). Because I used the qualitative research method, I used the within-method triangulation.

### **Data Collection Technique**

As the primary data collection instrument for this qualitative single-case study, I used the data collection techniques that included audio-recorded semistructured interviews with open-ended questions, review of organizational documents, and review of online resources, for example, GuideStar (2018a) to explore my client nonprofit organization ASD Foundation financial data. When conducting semistructured interviews, I used a purposeful sample of SLs of the organization and an interview protocol (Appendices A and B) and audio-recorded with a digital recorder to ensure an accurate rendition of the discussion. Pilot studies are useful for the researcher to try out strategies, structure their argument and rationale, and enhance their skills while obtaining preliminary data and evaluating their data analysis method (Doody & Doody, 2015; Marshall & Rossman, 2016). I did not conduct a pilot study because I used semistructured interviews, review of organizational documents, and review of online resources.

An advantage of using interviews as a data collection technique is that an interview yields data in quantity quickly and the researcher might follow-up clarify as needed (Marshall & Rossman, 2016). Another advantage is the semistructured aspect of

the interview that allows the participant freedom in answering the open-ended questions, while the researcher may probe the participant's responses to the open-ended questions (Castillo-Montoya, 2016; McIntosh & Morse, 2015). Another advantage of the semistructured interview is the commonality of use; the semistructured interview is one of the common data collection methods (Kallio et al., 2016). An advantage of audio-recording the interview is that audio recordings provide a more accurate rendition of the interview (Yin, 2018) and audio devices assist in creating validity (Nordstrom, 2015). Describing a disadvantage, Marshall and Rossman (2016) pointed out that the trust between the researcher and participant was a key determinant of the amount of information from the participant, and without that trust, the participant may be unwilling or uncomfortable in sharing the information the researcher was hoping on. Another disadvantage to interviews as a data collection technique is the length of time required to transcribe and analyze (McIntosh & Morse, 2015).

I worked with my client to gain access to and review organizational documents, including (a) corporate records (e.g., articles of corporation and bylaws); (b) strategic plans; (c) mission, vision, and value statements, (d) financial documents, (e) main product offerings, and (f) documents providing the NPO's core competencies. When reviewing the organizational documents, I used the Baldrige Excellence Framework (2017a) as a tool to help ensure my holistic, systems-based evaluation of my client organization. The advantage is when qualitative researchers review documents about their case, combined with other data collection methods, the researcher corroborates and augments evidence from other sources (Yin, 2018) adding reliability and validity (Leung,



2015; Noble & Smith, 2015). Disadvantages of reviewing documents are gaining access to the documents (Yin, 2018) and personal impressions of the researcher may hinder the objective analysis (Sarma, 2015).

As mentioned in the Data Collection Methods, I conducted member checking including (a) a gist or essence of the discussion of the participants own interview, (b) a copy of emerging findings, (c) draft versions of incremental completed sections of the doctoral study, and (d) draft and final versions of the overall doctoral study, to provide comments to and to confirm and validate. I provided my client CEO interim reports of my progress through my study that included work-in-progress for review and initial approval, updated the board of directors and the two cofounders of the foundation.

### **Data Organization Techniques**

In qualitative studies, the researcher performs as the instrument to explore, describe, explain, accurately document data, and store collected study data (P. Fusch et al., 2017; P. Fusch & Ness, 2015; Marshall & Rossman, 2016; Yates & Legget, 2016). I used reflective journals to keep track of data and document my feelings and reactions. Case study researchers use various strategies to ensure rigor and minimize bias, including the use of a journal or diary to document personal feelings and reactions (Cope, 2015; Finch et al., 2015; Orange, 2016). According to Marshall and Rossman (2016), organizing the data is the first of seven phases of analytic procedures. As I compiled data, I organized data by category or theme to ease searching and data analysis.

I am storing all study-related material, including electronic and nonelectronic in a locked file cabinet for 5 years. I am retaining all electronic information in a password

secured electronic folder located on removable media, and storing the media in the locked file cabinet for 5 years, and then I will destroy the media. I am retaining all nonelectronic information in the secured file cabinet for 5 years. I will electronically destroy the removable media and shred paper documents 5 years after the publication of my study.

### **Data Analysis**

Data analysis for this qualitative single-case study revolved around diversification strategies that NPO executives use to grow funding sources. For data analysis, I used methodological triangulation, collecting data from several sources, including published literature after the proposal approval date, including researched literature, artifacts provided by my client, and interview data. In methodological triangulation, the researcher will correlate data from multiple data collection methods (P. Fusch & Ness, 2015). In methodological triangulation, the researcher will correlate data from multiple data collection methods, adding depth to the data, assisting in reaching data saturation (P. Fusch et al., 2017). After I completed collecting data, transcribing the recorded interviews and providing a gist of the interview content, and performing member checking, I triangulated data from the interview data, internal documents, and private and public websites.

I applied Markowitz's (1952) modern portfolio theory, as adapted to NPOs by Carroll and Stater (2009), Grasse et al. (2016), and Kingma (1993) as my conceptual frameworks to explore diversification strategies nonprofit executives use to grow funding sources. I used the Baldrige Performance Excellence Framework (2017a) criteria for performance excellence along with my conceptual frameworks, to provide me the in-

depth understanding of my client organization, which enabled me to understand the financial decisions from both internal and external perspectives.

Computer-assisted qualitative data analysis software (CAQDAS) has become more diverse and functional, assisting the researcher to data organize, code, and analyze data (Woods, Paulus, Atkins, & Macklin, 2016; Yin, 2018). I used NVivo software for Windows and Microsoft Excel to facilitate the analysis and coding of data, which allowed me to identify themes of the phenomenon and conceptual framework and brought in the criteria contained in the Baldrige Performance Excellence Framework (2017a). A researcher can use NVivo software to facilitate the analysis of data, that is the coding of the data and identifying themes, and works well in a wide range of qualitative research designs and data analysis methods (Robins & Eisen, 2017; Zamawe, 2015). Malone and Coyne (2017) found in their research of software applications and nonsoftware approaches that the top two software applications for data analysis were IBM's Statistical Package for the Social Science (SPSS) for quantitative research and NVivo for qualitative research.

### **Reliability and Validity**

Within the natural sciences and quantitative research in the social sciences, reliability and validity are referred to the scientific canons inquiry (Saunders et al., 2016). Historically, when looking at qualitative research, concerns with trustworthiness or goodness drew from the natural and social sciences quantitative research community (Marshall & Rossman, 2016). Therefore, the elements of sound design for trustworthiness are important to the researcher (Marshall & Rossman, 2016).

## **Reliability**

When researchers apply a methodically sound approach, it enables the researchers to answer the study question, and subsequently the reliability of their research (Marshall & Rossman, 2016; Noble & Smith, 2015). Leung (2015) noted that a researcher's consistency in qualitative research provides reliability. The researcher operationalizes research reliability through documentation and through how well the research represents the actual phenomenon (Morse, 2015a; Yin, 2018). To ensure reliability, I addressed dependability through member checking, reflective journaling, case study and interview protocols, and triangulation. Member checking also referred to the respondent or participant validation, involves the researcher providing the participant research data (Baillie, 2015; Birt et al., 2016; Harvey, 2015; Hays et al., 2016; Morse, 2015b; Thomas, 2017). I provided the participant research data, including (a) a gist or essence of the discussion of the participants own interview, (b) a copy of emerging findings, (c) draft versions of incremental completed sections of the doctoral study, and (d) draft and final versions of the overall doctoral study to provide comments to and confirm and validate. I used reflective journals to keep track of data and document my feelings, reactions, and to reduce any bias that I may have. Using a journal or diary helps the case study researcher to ensure rigor and minimize bias (Cope, 2015; Dikko, 2016; Finch et al., 2015; Orange, 2016). I used two interview protocols (Appendices A and B) and a case study protocol. I prepared to conduct my semistructured interviews using an interview protocol. In preparing to conduct semistructured interviews, a qualitative researcher might create an interview protocol to (a) guide the researcher through the interview process with a list of

topics or set of questions and (b) achieve rigorous data collection and trustworthiness (Benia et al., 2015; Castillo-Montoya, 2016; P. Fusch et al., 2017; Kallio et al., 2016; Marshall & Rossman, 2016). The case study researcher should use a case study protocol, which contains the procedures and general rules the researcher should follow, to ensure reliability (Yin, 2018). Triangulation allows scholars to document a consistency in findings using different means of obtaining those findings, and that no particular method or data source drives the findings (Gibson, 2017). I collected data from several sources that included researched literature, artifacts provided by my client, and interview data. In methodological triangulation, the researcher will correlate data from multiple data collection methods (P. Fusch & Ness, 2015). Methodological triangulation adds depth to the data that the researcher collects and will assist in reaching data saturation (P. Fusch et al., 2017). According to Joslin and Müller (2016), there are two types of methodological triangulation. For this qualitative study, I used the within-method methodological triangulation.

### **Validity**

Validity in qualitative research is the truth value or the precision which the findings accurately reflect the data (Noble & Smith, 2015). In ensuring truth value, credibility, transferability, and confirmability refer to validity (Heale & Twycross, 2015; Kozleski, 2017; Morse, 2015a; Yin, 2018). Qualitative validity further breaks down to construct validity, internal validity, and external validity (P. Fusch & Ness, 2015; Heale & Twycross, 2015; Leung, 2015; Morse, 2015a, 2015b; Yin, 2018). To ensure credibility, also referred to as internal validity, I performed member checking as I defined under the

Reliability section, methodological triangulation, and used interview and case study protocols.

To demonstrate transferability, also referred to as external validity or generalizability, the researcher will attain a thick, rich data set that has meaning to the external reader or others in similar situations (Hays et al., 2016; Lincoln & Guba, 1985; Marshall & Rossman, 2016; Morse, 2015a; Sarma, 2015). To establish transferability, I provided a thick description of the single-case study to allow external readers understand the study, including the data collection, protocol questions, data analysis, and study reporting.

Confirmability relates to the accuracy or genuine reflections of participants' perspectives without the researcher's biases interfering with the findings (Hays et al., 2016). Researchers can demonstrate confirmability by using use member checking, reflective journaling, case study and interview protocols, thick description, and triangulation (Baillie, 2015; Hays et al., 2016; Lincoln & Guba, 1985; Morse, 2015a; Orange, 2016). To demonstrate confirmability, I used member checking, reflective journaling, case study and interview protocols, thick description, and triangulation.

Yin (2018) wrote that construct validity identifies correct operational measures for the concepts under study. To meet construct validity, Yin wrote that the researcher must state the case, identify the operational measures, use multiple sources of evidence, establish a chain of evidence, and then have the case study report reviewed by key participants periodically. In addressing construct validity, I utilized a chain of evidence through logging, multiple sources of information, methodological triangulation, member

checking, data saturation. The researcher reaches data saturation when there is enough information to replicate the study and when collecting new information yields no new information of significance (P. Fusch & Ness, 2015). Morse (2015b) wrote that saturation is the building of rich data through attending to scope and replication. I collected rich and thick data for this qualitative single-case study. I used semistructured interviews of four executives within ASD Foundation, asked probing questions, and used methodological triangulation that included the member checked interview transcripts and reviewed and analyzed organizational documents.

### **Transition and Summary**

In Section 2, I presented an in-depth view of the study design and the study plan. I included the study purpose; the role of the researcher; the research participants; research method and design; description of the population and sampling; ethical research; data collection instruments and techniques, data organization techniques, and data analysis; and reliability of the study and the validity of the study. Additionally, I included the measures I would use to protect each participant as a human subject and identified how I met the data storage and retention requirements.

In Section 3, I detailed my use of the 2017-2018 Baldrige Performance Excellence Framework (2017a, 2017b) to conduct a comprehensive analysis of my client organization ASD Foundation and my interview questions to collect data for this qualitative single-case study. The Baldrige criteria and organizational profile from the Baldrige Performance Excellence Framework (2017a, 2017b) helped me evaluate the strengths and opportunities for improvement of my client organization ASD Foundation.

Consistent with the 2017-2018 Baldrige Performance Excellence Framework, I explored my client organization's (a) leadership, (b) strategies, (c) customers, (d) workforce, (e) operations, and (f) results. I begin Section 3 with my client ASD Foundation's key factors worksheet, then detail ASD Foundation's leadership triad of leadership, strategy, and customers; results triad of workforce, operations, and results; collection, analysis, and knowledge management; and complete the section with an executive summary of key themes identified through data analyses, a summary of the project, and contributions and recommendations for future research.



### Section 3: Organizational Profile

The Baldrige Performance Excellence Framework (2017b) organizational profile is a snapshot for an organization that includes key influences on operations and key challenges that the organization faces. Developing an accurate organizational profile is the first step in analyzing the entire organizational environment, including both internal and external environments, to enable the organization's leaders to look at the entire organization's strengths and challenges (Menezes, Martins, & Oliveira, 2017).

ASD Foundation (pseudonym) is a nonprofit organization located in the mid-Atlantic region of the United States. In 1989, its two cofounders, concerned about disaster mental health and crisis intervention, established ASD Foundation with the intent of providing preincident education to address the mental health concerns of first responders (firefighters, law enforcement officers, emergency medical personnel, dispatchers, and members of the military) who answer the call every day to respond to many different types of critical incidents, including robberies, motor vehicle accidents, emergency medical situations, domestic assaults, school shootings, hostage situations, fires, and violence in the air. In September 1990, the cofounders established ASD Foundation as a registered NPO. Because of high interest in—and the importance of—critical incident stress management (CISM) internationally, the cofounders turned the foundation into an international NPO in 1992. According to the cofounders, 18% of law enforcement personnel, 10% to 37% of fire suppression personnel, 16% of military veterans, approximately 12% of Iraq War veterans, and over 40% of returning veterans from Afghanistan and Iraq suffer from some form of critical incident stress. The ASD

Foundation leadership also stated that in 2017, suicides by firefighters, emergency medical technicians, and law enforcement officers outnumbered deaths in the line of duty. Over the years, the cofounders moved from foundation leadership to their current positions as key instructors of CISM courses within the ASD Foundation's offerings and as ombudsmen of CISM. The cofounders expressed that CISM was a comprehensive, integrative, and multicomponent crisis intervention system consisting of multiple crisis intervention components, which functionally span the entire temporal spectrum of a crisis. Each cofounder (a) is a renowned author, authoring or coauthoring hundreds of articles and books on stress and crisis intervention; (b) is an advisor to federal, state, and municipal governments; (c) has held positions as faculty at several universities; and (d) is associated with the United Nations.

ASD Foundation leaders and staff strive to promote CISM not only within the United States but also worldwide. ASD Foundation is the sole organization in the region dedicated to CISM education and training in which leaders and staff partner with local, regional, state, federal, and international agencies to foster human resilience while nurturing the field of CISM. ASD Foundation leaders achieve their mission through building relationships and teaching local, regional, state, federal, and international agency emergency response profession personnel. ASD Foundation leaders and staff are stalwarts in the community of CISM. Over the last 29 years, ASD Foundation leaders and staff have brought to the forefront the need to help first responders and others who are involved in critical incidents that leave them emotionally or physically affected. With the

urging of ASD Foundation leadership, the United Nations has recognized CISM as a technique to reduce critical incident stress.

### **Key Factors Worksheet**

#### **Organizational Description**

ASD Foundation is a small nonprofit organization headquartered in the mid-Atlantic region of the United States. ASD Foundation is a U.S. Internal Revenue Service registered 501(c)(3) NPO, which is not a private foundation under Section 509(a)(1), with Special Consultative Status with the United Nations Economic and Social Council (ECOSOC) since 1997 (United Nations ECOSOC, 2016). According to the ECOSOC, NGOs can receive Special Consultative Status, which the ECOSOC grants to organizations that have special competence in and are concerned specifically with only a few of the fields of activity covered by the ECOSOC (NGO Branch, Department of Economic and Social Affairs, 2016). Until 2013, ASD Foundation leadership and staff trained and assisted in deploying specialized teams to assist municipality-based first responders worldwide.

#### **Organizational environment: Review of key organizational characteristics.**

The ASD Foundation is a customer-focused service organization. As part of providing preincident education to address the mental health concerns of responders to disasters and crises, ASD Foundation leaders and staff focus the foundation's product offerings on helping the first responder. Foundation leadership has separated the foundation's products and services into two offerings—(a) education and training and (b) outreach and consultation—to nurture and promote CISM.

*Product offerings.* ASD Foundation provides traditional classroom and e-learning courses on critical incident stress for individuals and CISM teams (Appendix E), the intellectual capital on the subject of critical incident stress, foundation support to CISM teams, full and partial scholarships for first responders to take critical incident stress training, and a worldwide forum to address crisis and stress. The worldwide forum focuses not only on first responders, but also addresses research and innovations, emergency services and public safety, military and veterans, corporate and industry, community crisis care, disaster response, healthcare, and team development and care.

*Courses taught by approved instructors.* ASD Foundation has over 1,000 field ASD-approved instructors worldwide who can provide CISM training. ASD-approved instructors teach the courses that the ASD Foundation provides.

*Regional training.* ASD Foundation partners with organizations to host regional training sessions. ASD Foundation provides 49 courses for anyone working in the fields of crisis intervention, disaster response, education, emergency services, employee assistance, healthcare, homeland security, human resources, mental health, military, spiritual care, transportation, and traumatic stress. The courses taught at regional training sessions hosted in various venues provide continuing education units (CEUs), professional development hours (PDHs), or credit toward certification (refer to Table 4 for additional information).

*Speakers Bureau program.* ASD Foundation leadership and staff established the Speakers Bureau in 1998 as a cost-effective option for flexible group training for entire organizations, agencies, or departments worldwide that includes keynote speakers along

with instructor training. ASD Foundation leadership offers the program in the United Kingdom, Europe, and China. The Speakers Bureau offers all of the ASD-provided courses, allowing flexibility to the organization leader's needs, thus allowing leaders to avoid or reduce travel costs.

*Online and on-demand opportunities.* ASD Foundation offers online courses leading to certification in CISM; in the future, the courses in this curriculum will be available on demand. The courses carry CEUs that count toward certification from the International Employee Assistance Certification Commission and the Association for Addiction Professionals, as well as toward general CEU credits through a partnership with the University of Maryland Baltimore Campus Department of Emergency Health Services.

*Certificate of Specialized Training in CISM Program.* In response to numerous requests from institutions (e.g., managed care organizations, employee assistance programs) and individuals, ASD Foundation leadership and staff designed a standardized curriculum in crisis intervention and established the Certificate of Specialized Training in CISM Program, which provides certification in seven CISM-related specialties. The seven specialties are (a) emergency services, (b) healthcare crisis management and staff support, (c) mass disaster and terrorism, (d) schools and children crisis response, (e) spiritual care in crisis intervention, (f) substance abuse crisis response, and (g) workplace and industrial applications. ASD Foundation leadership and staff require the applicant to complete a core curriculum, specialty curriculum, selected electives, and any required

examinations in each applicable course. The certification is optional and voluntary and does not replace the award of individual course completion certificates.

*Approved Instructor Candidate Program (AICP).* ASD Foundation provides an AICP in areas associated with CISM. Once a prospective instructor completes the AICP for a specific CISM subject, the instructor may begin teaching in that subject. For each subject that the prospective approved instructor would like to teach, the prospective approved instructor must complete the AICP.

*Intellectual capital on the subject of critical incident stress.* Foundation leadership provides direct availability of CISM-related academic and psychological research articles and books. The material is available online and at every CISM-related course.

*Foundation support to CISM teams.* ASD Foundation provides an emergency hotline for first responders, CISM individuals, and CISM teams; a list of CISM teams, locations, and contact information; general guidelines for CISM team development; and resources for team coordinators.

*Full and partial scholarships for members to take critical incident stress training.* Members can apply for and receive a scholarship to help pay tuition fees for the courses. ASD Foundation offers two scholarships to help offset tuition and fees: the Academy of Crisis Intervention Scholarship and the Donald Gow Sr. Memorial Scholarship.

*Biennial worldwide forum to address crisis and stress.* The worldwide forum's focus is not limited to first responders but also includes research and innovations, emergency services and public safety, military and veterans, corporate and industry, community crisis care, disaster response, healthcare, and team development and care.

ASD Foundation started the biennial worldwide forum in 1991. During the biennial worldwide forum, ASD Foundation-certified instructors teach many of the 49 courses.

*Emergency hotline.* ASD Foundation provides a 24-hour emergency hotline for any emergency service organization or individual connected with an emergency service. The hotline assists emergency service organizations or individuals connected with an emergency service (a) with the location and contact number for a CISM team during an emergency and (b) with guidance in working through stress if a situation arises where emergency workers are distressed.

*One- and 2-year memberships.* Membership offers individuals and teams access to material available at the training session and standard operating procedures for CISM teams and CISM members. Membership in the ASD Foundation places the member in an international network of CISM teams, service providers, administrators, commercial and industrial services, researchers, and educators who function in the field of activity associated with critical incident stress and posttrauma syndromes. Members receive, among other things, various discounts, access to the quarterly publication *LifeNet*, and access to member-only information, including CISM Standard Operating Procedures from CISM teams within the United States and worldwide.

*Online and hardcopy access to LifeNet.* ASD Foundation leadership established *LifeNet* at the beginning of the foundation. *LifeNet* is a quarterly publication of the ASD Foundation that provides CISM updates to ASD Foundation members. Other than the foundation website, leadership uses *LifeNet* as a vehicle to distribute audited financial information to members. Foundation leadership encourages foundation members to write

articles about CISM topics. Since the publication's beginning, foundation leaders and staff have used the publication to share information with the CISM community.

Leadership encourages foundation members to write articles for the publication to share important CISM information.

*CISM Wisdom.* ASD Foundation leadership began *CISM Wisdom* in 2018 as a biweekly newsletter that currently goes to nearly 20,000 recipients. *CISM Wisdom* provides updates on CISM and regional training opportunities.

**Mission, vision, and values.** Warrick (2017) stated that an organization's vision, mission, and core values help leaders shape the organizational structure, and the core values further define the underlying organizational culture. Figure 2 provides a depiction of the ASD Foundation's core competency, mission, vision, and core values, which the leadership established in 2009 and further amplified in the following two strategic plans. I placed these elements side by side to allow an easier depiction of the relationships and interrelationships of the NPO's core competency, mission, vision, and core values.

Core Competency	Mission	Vision	Core Values
To nurture the field in regard to the work and values of critical incident stress management (CISM).	To provide leadership, education, training, consultation, and support services in comprehensive crisis intervention and disaster behavioral health services to the emergency response professions, other organizations, and communities worldwide.	To support a world where people have access to Critical Incident Stress Management programs and services.	Leaders and employees believe in "Helping Save the Heroes." Operates around five core values: <ul style="list-style-type: none"> <li>• Team-Driven Approach</li> <li>• Personal Interaction</li> <li>• CISM Done Properly</li> <li>• Financial Independence</li> <li>• Peer Support</li> </ul>

Figure 2. Mission, vision, and values (MVV).



*Core competency.* Core competencies are the critical, possibly specialized capabilities that are central to fulfilling an organization's mission (Baldrige Performance Excellence Framework, 2017b). ASD Foundation's senior leaders promote the core competency of nurturing the field of CISM. According to *Merriam-Webster's Dictionary*, to *nurture* is to further the development of something ("Nurture," 2018). ASD Foundation's core competency and primary objective are to nurture the field of CISM. From the beginning of the foundation in 1989, leaders and staff have shepherded the cause of incident stress management associated with first responders. The very reason that the foundation exists is to help not only those first responders who have experienced continual trauma at work but also laymen who have experienced a traumatic event. Traumatic events include witnessing the death of a person, destruction, and other atrocities. Additionally, ASD Foundation assists veterans experiencing posttraumatic stress disorder (injury) when needed. Through ASD Foundation's numerous training courses, first responders can proactively, and reactively, cope with critical incident stress.

*Mission.* Mission and vision statements guide an organization's leadership decisions and behavior, as well as motivate organizational members toward a common cause (Kopaneva & Sias, 2015). As shown in Figure 2, to further the work and values and to nurture the field of CISM, ASD Foundation senior leaders and staff provide leadership, education, training, consultation, and support services in comprehensive crisis intervention and disaster behavioral health services to the emergency response professions, other organizations, and communities worldwide.

*Vision.* Kopaneva and Sias (2015) defined a *vision statement* as what organizational leadership wants the organization to be in the future—the ideal future goal. The vision of the ASD Foundation is to support a world where people have access to CISM programs and services.

*Core values.* Core values drive an organizational culture, and leaders should use these values in making decisions (Warrick, 2017). The underlying core values of ASD Foundation indicate that first, leaders and employees believe in *helping save the heroes*. Second, the organization operates around five core values: (a) team-driven approach, (b) personal interaction, (c) CISM done properly, (d) financial independence, and (e) peer support.

*Workforce profile.* Figure 3 provides an organizational chart for the ASD Foundation. ASD Foundation's workforce includes the chief executive officer (CEO) and 14 personnel. The 14 personnel consist of tenured and recently hired employees, including six full-time and eight part-time employees, and the two cofounders to facilitate the foundation's strategy, operations, growth, business development, external relations, and programs. Adding to the core staff are hundreds of independent nonemployee faculty and instructors who further carry out the foundation's mission throughout the world. The CEO manages day-to-day operations and distributes or delegates functional responsibilities for (a) education and training; (b) organizational finances; (c) the approved instructor program; (d) team coordination; and (e) membership, online, and CEU management. During the biennial worldwide forum to address crisis and stress, ASD Foundation uses upwards of 75 volunteers, about 50% of whom are returning

volunteers, to help implement the forum. Having intellectual expertise in CISM, the two cofounders provide specific CISM information and recommendations to the CEO in addition to performing as instructors for many of the foundation's courses. Because of individual and team instruction being the major products that the foundation provides, the CEO has a separate director of education and training, who has staff authority over education and training efforts (illustrated by the dotted line in Figure 3), and further provides the CEO and the two cofounders with recommendations on education and training changes and opportunities. Table 4 provides an overview of the responsibilities of each position below the CEO.

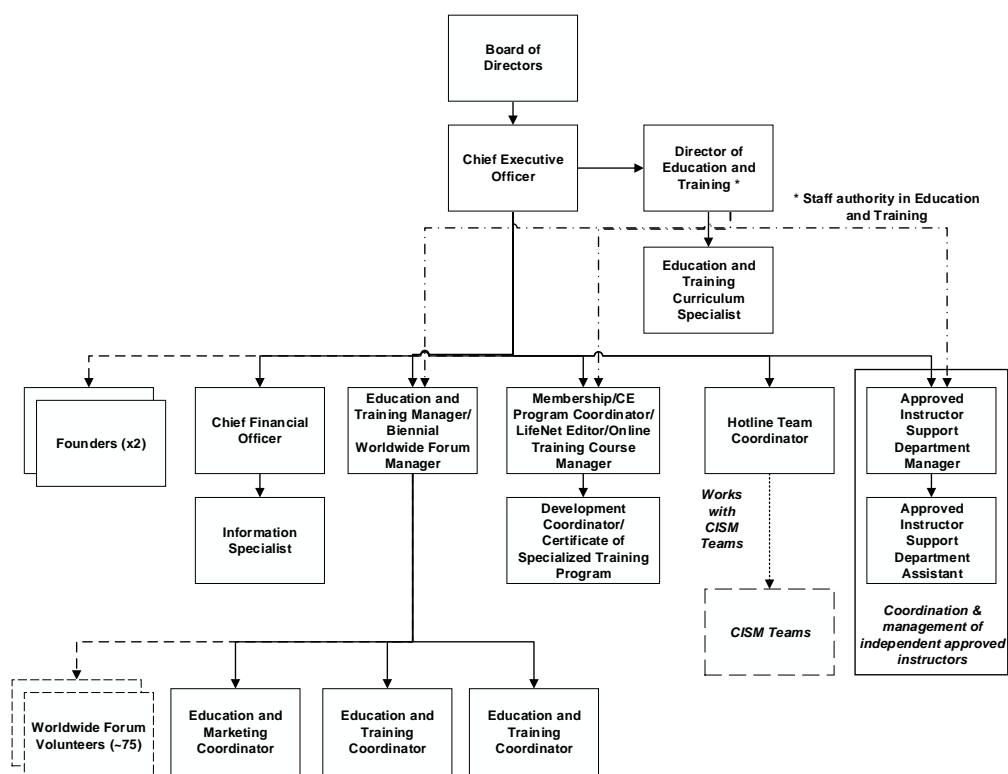


Figure 3. ASD Foundation organizational structure.

Table 4

*ASD Foundation's 2018 Positions and Responsibilities*

Position	Areas of responsibility
Director of Education and Training	<ul style="list-style-type: none"> <li>• Overall staff authority for training and education</li> <li>• <i>LifeNet</i> coeditor</li> </ul>
Chief Financial Officer	<ul style="list-style-type: none"> <li>• Finance director</li> <li>• Accounts payable/receivable/invoicing</li> </ul>
Education and Training Manager	<ul style="list-style-type: none"> <li>• Company store</li> <li>• Marketing</li> <li>• Regional training planning</li> <li>• Speakers Bureau</li> <li>• Trade shows</li> <li>• Biennial worldwide forum planning</li> </ul>
Approved Instructor Support Department Manager	<ul style="list-style-type: none"> <li>• Coordination and management of independent approved instructors</li> <li>• Certificate replacement requests (Approved Instructor Courses)</li> <li>• Student manual replacement requests</li> </ul>
Hotline Team Coordinator	<ul style="list-style-type: none"> <li>• CISM team coordinator</li> <li>• Hotline coordinator</li> </ul>
Membership/Continuing Education (CE) Program Coordinator	<ul style="list-style-type: none"> <li>• Continuing education program</li> <li>• <i>LifeNet</i> coeditor</li> <li>• Membership</li> <li>• Online courses</li> </ul>
Development Coordinator	<ul style="list-style-type: none"> <li>• Academy of Crisis Intervention Scholarship Program</li> <li>• Certificate of specialized training</li> <li>• Development/donor relations/fundraising</li> <li>• Donald Gow, Sr. Memorial Scholarship Program</li> <li>• Grants</li> <li>• Sponsorships</li> <li>• Website contact</li> </ul>

*(table continues)*

Position	Areas of responsibility
Information Specialist	<ul style="list-style-type: none"> <li>• Administrative assistance (leave records)</li> <li>• Financial assistance (e.g., deposits, processing checks)</li> <li>• General inquiries</li> </ul>
Education and Marketing Coordinator	<ul style="list-style-type: none"> <li>• Regional training planning</li> <li>• Biennial worldwide forum planning</li> <li>• Social media marketing</li> <li>• Website support</li> </ul>
Education and Training Coordinator	<ul style="list-style-type: none"> <li>• Certificate replacement requests (Regional Training Courses)</li> <li>• Regional training registration</li> <li>• Speakers Bureau</li> <li>• Biennial Worldwide Forum registration</li> </ul>
Approved Instructor Support Department Assistant	<ul style="list-style-type: none"> <li>• Approved Instructor Course returns, course website listings</li> <li>• Online bookstore (member and external)</li> <li>• Approved Instructor Course registrations, orders, shipments, invoicing</li> </ul>
Education and Training Curriculum Specialist	<ul style="list-style-type: none"> <li>• Special projects</li> </ul>

*Assets.* The main assets of ASD Foundation are savings and temporary cash investments and other assets. Additional assets include cash, accounts receivable, inventories of products for sale, prepaid expenses, and deferred charges, and depreciation. The leaders of the ASD Foundation have no major equipment that they consider an asset, except for information technology and office equipment. Later, in Figure 10, I provide a comparison of assets to liabilities of ASD Foundation from the period 1992 to 2017.

A critical part of ASD Foundation's information technology includes the website and the backend database, which provide the foundation leadership the ability to market the foundation and CISM and provide additional creditability to the foundation. Outside

of the actual training courses that occur and the biennial worldwide forum to address crisis and stress, ASD Foundation leaders use their website as their connection to customers and stakeholders. ASD Foundation's website provides the public access to ASD Foundation's mission statement and strategic plan, provides names of board of directors, sponsorship opportunities, access to the biennial worldwide forum, access to scholarship information and application, access to the full list of education and training opportunities, the emergency hotline for CISM teams, access to a list of CISM teams, member registration, access to *LifeNet*, access to internal foundation information to members, and updates to training events. Foundation leadership found that the website was their top method that people were using to reach out to the foundation.

***Regulatory requirements.*** ASD Foundation is licensed in a mid-Atlantic region state as a tax-exempt organization and complies with all applicable state statutes regarding nonprofits, including disclosure and financial statement requirements. ASD Foundation's CEO must disclose financial information and adhere to tax requirements typical of all 501(c)(3) nonprofit organizations and file an IRS Form 990, *Return of Organization Exempt from Income Tax*, annually. In compliance with the IRC, board members, directors, and the CEO maintain independence, avoiding any conflicts of interest, and are required to review and sign the organization's conflict of interest policy annually. ASD Foundation's leaders and staff must abide by written policies that include bylaws and principles. A finance committee, which includes a certified public accountant, selects an independent auditor to conduct an independent audit of the finances and IRS Form 990. The ASD Foundation CEO and the controller reviews the IRS Form 990

before submitting to the Internal Revenue Service. To maintain general or special consultative status with the ECOSOC, the ASD Foundation CEO must submit to the Committee on NGOs, every four years, a brief report of foundation's activities, specifically on the contributions that they have given to the work of the United Nations.

The ASD Foundation staff and associated instructors must maintain course accreditation with the University of Maryland Baltimore Campus (UMBC); NAADAC, the Association for Addiction Professionals; Employee Assistance Professional Association (EAPA); Association of Traumatic Stress Specialists (ATSS); International Employee Assistance Certification Commission; Association for Addiction Professionals (AAP); and The Trauma Institute. Table 5 provides the accreditation partnerships for continuing education credit and professional development hours.

Table 5

*Accreditation Partnerships for CEUs and PDHs*

Institution/Training	Continuing education/ Professional development	Description
ASDF Regional Training	General CEUs from UMBC Training Centers	Awarded general CEUs from UMBC Training Centers
ASDF Regional Training	Profession-specific CEUs from UMBC Training Centers	Awarded profession-specific CEUs
ASDF-Approved Instructor Courses	Courses taught outside of the confines of an ASDF Regional Training, such as those taught by an ASDF-approved instructor.	Receives an ASDF Certificate of Attendance that offers general (not profession-specific) CEUs from UMBC.
ASDF Regional Training (EAPA)	Professional Development Hours (PDHs) are available for Employee Assistance Professionals (EAP)	The number of approved PDHs depends on the course selected.
ASDF Regional Training (NAADAC AAP)	7, 13 or 14 hours of continuing education credit	Credit from a National Certified Addictions Counselors by NAADAC, the Association for Addiction Professionals.
ASDF Regional Training (ATSS)	Meet partial credit requirements	Credit from the Association of Traumatic Stress Specialists (ATSS) as a: <ul style="list-style-type: none"> <li>• Certified Trauma Specialist</li> <li>• Certified Trauma Responder</li> <li>• Certified Trauma Services Specialist</li> </ul>
ASDF Regional Training (The Traumatology Institute)	Courses credit towards the institute's Field and Certified Traumatologist	Credit offered for four ASDF courses: <ul style="list-style-type: none"> <li>• Group Crisis Intervention</li> <li>• Advanced Group Crisis Intervention</li> <li>• Psychotraumatology for Clinicians</li> <li>• CISM Application with Children</li> </ul>
Online and On-Demand Courses (In development)	CEUs creditable toward certification	<ul style="list-style-type: none"> <li>• Certification in CISM</li> <li>• International Employee Assistance Certification Commission</li> <li>• Association for Addiction Professionals</li> <li>• General CEU credits from a UMBC Department of Emergency Health Services partnership</li> </ul>



**Organizational relationships.** Review of the ASD Foundation's governance structure, customers, and stakeholders.

**Organizational structure.** ASD Foundation is a U.S. Internal Revenue Service registered 501(c)(3) nonprofit organization which is not a private foundation under Section 509(a)(1), with Special Consultative Status with the ECOSOC (United Nations ECOSOC, 2016). The board governs the ASD Foundation, consisting of eight board members and a chairman of the board that is informed and active in overseeing ASD Foundation's operations and finances, and supported by a recording secretary, foundation counsel, and foundation auditors. In 2013, the chairman of the board changed. The previous chair served on the board of directors for nine years, including seven years as the chair, and was also the Vice President for the Crisis and Disaster Management for Centerstone, one of the nation's largest nonprofit providers of community-based behavioral healthcare. The new chair has served as the chair since 2013 and is a licensed, certified public accountant with more than forty years' experience with several nonprofit organizations. In addition to the board, the ASD Foundation leadership includes emeritus status to the two cofounders and prior chairman of the board and president. The CEO conducts quarterly meetings with the board to provide updates on ASD Foundation finances and updates on programs. Also, the CEO, the two cofounders, and the director of education and training meet monthly through the founders' meeting to discuss ASD Foundation issues. Each employee performs as an ambassador of the organization and to CISM as a whole. The two cofounders and the CEO act as key ambassadors of ASD Foundation to the community.

***Customers and stakeholders.*** The customers and stakeholders of ASD Foundation are first responders (e.g., emergency medical responder, emergency first responder, firefighters, and paramedics), nonmedical personnel (police and law enforcement), and spiritually-based professionals including chaplains and ministers, medical professionals, social workers, dispatchers, and others that come across an emergency incident. Many of the customers and stakeholders are trained professionals that might have CISM training or affiliated with a CISM team.

***Suppliers and partners.*** ASD Foundation leadership outsources Internet use, website management and hosting, content, and back-end database; hard-back, soft-back, and e-book publishing of products; blackboard support with UMBC; webinar creation and support; and information technology. Foundation leadership partners with different organizations in the United States and worldwide to host CISM training.

### **Organizational Situation**

**Competitive environment.** Review of competitive position, changes, and data.

**Competitive position.** According to Maryland Nonprofits, Center for Nonprofit Advancement, and Center for Civil Society Studies (2016), 91% of the Maryland, District of Columbia, and Virginia nonprofit sector, had less than an annual revenue of \$1 million, and 66% of them had revenue less than \$25,000. Additionally, NPOs have a significant presence in every county and city in the Maryland, District of Columbia, and Virginia nonprofit sector; 37% of NPOs experienced an increase in demand in 2014; and 58% of the reported NPOs added or expanded their programs and services (Maryland Nonprofits, Center for Nonprofit Advancement, & Center for Civil Society Studies,

2016). However, Maryland Nonprofits et al. stated that NPOs within the region cited long-term financial sustainability as their top challenge, echoing the 2018 State of the Nonprofit Sector Survey results that noted the top NPO operational and financial challenge was financial sustainability (Nonprofit Finance Fund, 2018).

***Training and nurturing CISM.*** The ASD Foundation's focus is on training and nurturing CISM. A critical incident might be a sudden and unanticipated event outside the range of normal experience. Examples of critical events can include a sudden death of someone close due to an accident, the suicide of a colleague, a tragedy involving deaths of several people, or recent events like school shootings and shootings at a local newspaper. Critical incident stress (CIS) includes different reactions—emotional, cognitive, biological, and psychosocial and is a serious problem. CISM is not psychotherapy; rather it works to immediately decrease the effects of CIS before the reactions become worse requiring medical attention. The peer support model forms the foundation of CISM where peers trained in CISM help their colleagues in recognizing CIS. However, peer supporters do not replace mental health professionals. ASD Foundation's mission, vision, core values, and products are focused on identifying and helping not only first responders but also ordinary people. The ASD Foundation has annually trained more than 30,000 individuals, with a total number nearing one million individuals, and over 1,500 CISM teams that reside in 28 countries. For example, CISM-trained personnel and CISM teams are throughout the United States, Canada, Bermuda, Germany, Ireland, Portugal, Trinidad, and United Kingdom.

Although there are critiques that state CISM does not work, ASD Foundation

leadership has identified that local municipalities, state, and federal agencies use CISM. Because of the mission of the foundation, leadership felt that there was no organization that they labeled as a competitor. However, there are similar organizations that also see the importance of CISM, and support CIS and CISM training. The International Association of Firefighters (n.d.) provides peer support training to assist firefighters, paramedics, and chaplains in CIS. The Billy Graham Evangelistic Association (2018) provides CISM courses for Rapid Response Team Chaplains. The Federal Law Enforcement Training Center (2015) of the Department of Homeland Security and the National Interagency Fire Center (2018) of the Bureau of Land Management offers CISM and peer support training and services.

*Revenue sources.* Figure 4 provides an overview of the revenue sources for the ASD Foundation from 1997 to 2017. According to Maryland Nonprofits and the Center for Nonprofit Advancement (2016), ASD Foundations falls within the top 9% of the NPOs within the Maryland, District of Columbia, and Virginia nonprofit sector with a \$1 million or higher annual revenue; 5,601 NPOs out of a total of 64,638. ASD Foundation leadership saw steady growth before 2001 and the September 11, 2001, terrorist attacks.

From 1997 through 2017, ASD Foundation leadership and staff saw that the foundation's annual revenue came from an average of 80% in program services. The highest percentage occurred in 1999 with over 93% of the revenue coming program services. As the foundation grew, leadership and staff looked at additional methods to bring in revenue while maintaining and executing the foundation's mission.

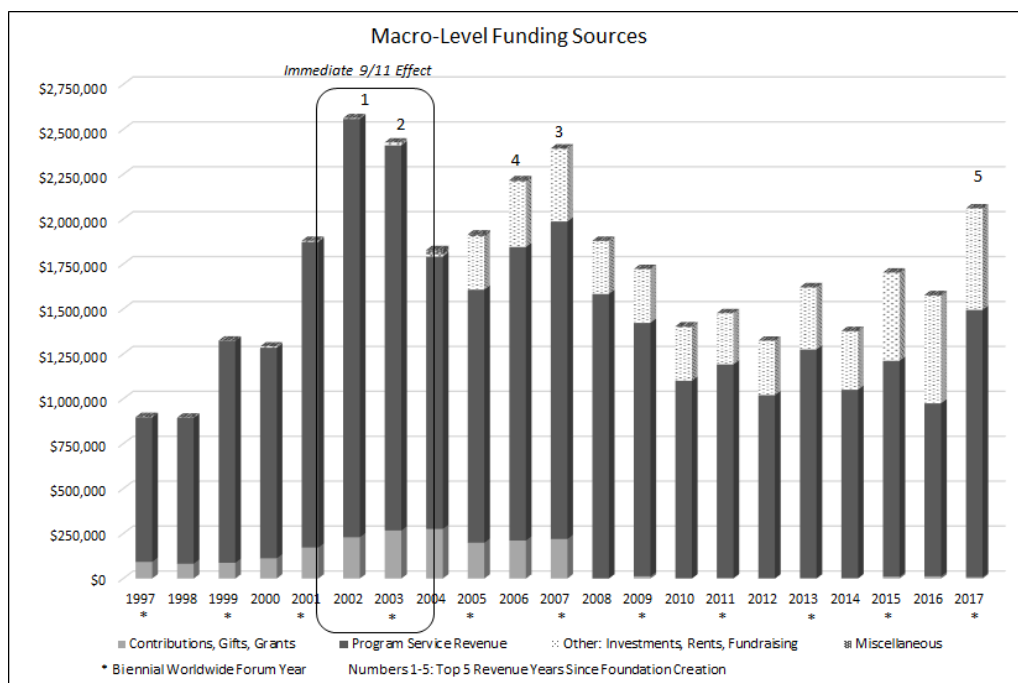


Figure 4. ASD Foundation’s macrolevel funding sources (1997-2017).

In the 2016-2018 Strategic Management Plan, the leadership and staff identified a key foundation core value—financial independence. Financial independence means that the foundation was not reliant on two or three revenue sources. The importance of financial independence and the belief in helping save the heroes provided the determination to build the foundation and make it better. Leadership saw a result of their determination in the 2017 revenue amount of \$2,060,714, the fifth-highest revenue for the foundation since establishing the foundation and the third-highest net gain.

Table 6 provides a breakout of each general funding source for the years 2016 and 2017.

Table 6

*ASD Foundation Revenue Streams*

Funding sources (% of funding sources)*	ASD Foundation sources	2016 (% within source)*	2017 (% within source)*
Program service revenue (2016: 61%) (2017: 72.16%)	Regional training & Biennial Worldwide Forum	26%	38.0% **
	AIP Instruction	11.75%	17.12%
	AIP materials and workbooks	21.8%	9.75%
	Speakers Bureau	22.3%	20.75%
	Membership dues	11%	7.6%
	Online training	5.5%	6.7%
	Royalties	1.4%	0%
	Cost application	0.2%	0%
Other: Investments, rents, & fundraising (2016: 38%) (2017: 27.46%)	CEU Income	0.08%	0%
	Other income	0.46%	1.42%
	Special events income	1.24%	0%
Contributions, gifts, and grants (2016: 0.8%) (2017: 0.37%)	Net income from sales of inventory	98.3%	98.58%
	Donations received	60.5%	34.4%
Miscellaneous (2016: 0.18%) (2017: 0.38%)	Grants received	39.5%	65.6%
	Registration fees	16.15%	0%
	Miscellaneous income	54.4%	0%
	Exhibit income	21%	0%
	JTM/GSE book	0.85%	0%

\*Percentages may not equal 100% due to rounding. \*\*Biennial Worldwide Forum year.

Program service revenue includes nine categories of revenue streams: regional training and biennial worldwide forum, AIP instruction, AIP materials and workbooks, Speakers Bureau, membership dues, online training, royalties, cost applications, and CEU income. Training and training-related sales comprise nearly 92% of program service revenue. ASD Foundation's other revenue (rents, fundraising, and miscellaneous) included (a) other income, (b) special events income, and (c) net publication of sales from regional training courses. Comprising over 98% of other revenue in 2016 and 2017 was training-related sales from regional training courses. Completing the third category of revenue, ASD Foundation receives a small percentage of specific grants to assist stakeholders in completing specific courses. The fourth funding category, miscellaneous, includes registration fees, exhibit income, and income from registration fees from fundraising events and income from establishing an exhibit booth at business-related conferences or trade shows.

***Competitiveness changes.***

*From coordination and deployment to training and nurturing.* For several years, the ASD Foundation leadership's strategy was not only to perform training but managing and coordinating CISM team use. In addition to the chairman of the board and CEO restructuring, the new ASD Foundation CEO cut expenses that included dropping the president and director of operations positions, reducing senior leader salaries and benefits, and changed the organization's CISM team business strategy and ceased in coordinating the deployment of CISM teams and focused on providing the training and nurturing of the CISM capability. Leadership decided to take an approach similar to what

the American Red Cross uses in training and certifying individuals and trainers in First Aid, Cardiopulmonary Resuscitation, and Automated External Defibrillator training and certification. The American Red Cross does not manage trained individuals but instead fosters excellence by setting standards for the training and certifications. Similarly, ASD Foundation's leaders and staff set the standards for CISM training and certification and then nurtures the field in the work and values of CISM.

*Revenue portfolio change.* In 2007, leadership decided on a revenue strategy that ceased using government grants to increase flexibility. Additionally, the foundation leaders were not immune from the 2008 stock market crash which had lasting effects into 2010, and saw a decrease in the foundation's investments, when combined with the cessation of grants, showed a 40% decrease in revenue from the foundation's third highest revenue in 2007.

With implementing the 2012-2014 Strategic Plan, foundation leadership saw changes in the revenue in 2014 (refer to Figure 4), decreasing 15% from 2013, then bouncing back in 2015 with an increase of 23.6%, and decreasing 7.37% in 2016, returning to slightly lower revenue as before the strategic change. The largest change for the ASD Foundation's leadership was the increase in assets beginning in 2015 and continuing through 2017 (refer to Figure 10). With the release and implementation of the 2016-2018 Strategic Management Plan as a strategic action plan, leaders and staff started to work through tasks to better the foundation, bring the foundation back to financial stability, and foster the nurturing of the field of CISM. In doing so, leaders and staff worked through challenges and created advantages from those challenges. For example,



ASD Foundation leadership saw a multiyear downward trend in regional training attendance. Through a multifaceted marketing plan, leaders and staff were able to abate the downward trend with an increase in attendance in 2018. In addition to the increase in regional training attendance, analytics are providing leadership and staff the backgrounds of attendees in those courses. The marketing plan included highly-designed email distribution and social media use and a redesigned website that provided the foundation a communication tool to stakeholders—all highlighting the training and benefits of CISM.

Additionally, the staff started using Google's big data analytics as a tool to analyze data that assists leadership in making informed decisions. Leadership believes that the increased CISM awareness is not only because of the organization's efforts but because the general public is more aware of the phrases and acronyms like posttraumatic stress disorder (PTSD) or posttraumatic stress injury (PTSI). PTSD is a neurological brain injury to an individual's core sense of emotional self and surfaces when one's ability to apply rational, reasonable, or cognitive mental resources to process traumatic or even common events becomes overwhelmed. PTSI acknowledges that both physical and emotional trauma can severely injure, and proper care for that injury can assist in full and effective recovery from an individual event, or even from cumulative trauma. The foundation leaders and staff see the increased awareness, and this increased awareness equates to increased course attendance and sales.

*Peer-reviewed journal.* A key task within the 2016-2018 Strategic Management Plan, leaders of the ASD Foundation, established a multidisciplinary, quarterly, open access, and peer-reviewed journal in mid-2018. Potential contributors do not pay to

submit; however, there is a nominal publication fee. Potential contributors submit digitally to the foundation's editorial board. Under certain circumstances where foundation leadership directly requests a contribution from an author, the foundation covers the fee. Topics for the journal might include crisis intervention, CISM, posttraumatic stress, psychological first aid, human resilience, psychological crisis, disasters and disaster response, public safety and emergency services stress, employee assistance programs, terrorism, workplace stress and violence, stress in the military, and public mental health. ASD Foundation leaders established the editorial board to peer-review and to determine acceptance of submitted manuscripts which cover original research, case studies, scholarly reviews, book reviews, and descriptive, as well as prescriptive, papers on program development in any of the previously mentioned topic domains. The journal is just one piece of the overall nurturing mission.

*Office relocation.* The ASD Foundation leadership and staff moved into a smaller office footprint in 2001 to reduce overhead expenses. The lease expires in January 2019, thus requiring leadership to stay at the present location or relocate. In 2018, ASD foundation leadership started researching the possible courses of action, either finding a new location or working with their present landlord to make the office a better working environment. The new location will allow ASD Foundation leadership and staff to grow in size, allow for an environment of collaboration, and allow for private and open meeting space; all to better achieve the foundation's mission. Leadership decided to stay at their present office location based on negotiations with, and approval by, the building

landlord to allow the foundation leadership to configure the office space for an improved working environment.

*Comparative data.* According to Baldrige, because of their limited workforce, small organizational leaders might benchmark and compare their organization against web-based data, literature, trade association information, and local geographic area best practices (National Institute of Standards and Technology, 2017). The key sources of nonprofit and like-minded organization information for ASD Foundation leaders come from two major organizations. ASD Foundation is a member of the Maryland Volunteer Organizations Active in Disaster (MVOAD) and Maryland Nonprofits. Maryland VOAD is an organization comprised of diverse disaster relief agencies, for example, faith-based groups, NPOs, governmental departments and agencies, and other non-governmental agencies (Maryland Volunteer Organizations Active in Disaster, 2018). MVOAD members share knowledge and resources proactively, concurrently, and after a disaster. (Maryland Volunteer Organizations Active in Disaster, 2018). As a member, ASD Foundation leadership shares CIS information with other organizations and individuals.

Foundation leadership explored a relationship with the National Volunteer Organizations Active in Disaster (NVOAD). However, leadership decided not to join because of NVOAD's leadership focus on the physical response to disasters vice both physical and emotional responses. Foundation leadership is exploring a relationship with the National Association of Athletic Trainers, Law Enforcement and Emergency Medical Services, and other like-minded organizations. Maryland Nonprofits helps to strengthen Maryland NPOs by (a) training resource development, (b) making and building

relationships, (c) helping leaders to manage and lead organizations effectively, (d) increasing capacity and achieve greater impact, and (e) helping leaders to save money through discounts and group buying opportunities (Maryland Nonprofits, 2018).

Additionally, Maryland Nonprofits helps the Maryland nonprofit sector by raising money through resource development leading public policy advocacy, amplifying the sector's voice, growing resources for the sector, and conducting research (Maryland Nonprofits, 2018).

**Strategic context.** Over the previous 10 years, foundation leadership had to face various challenges created by the foundation's successes in the CISM community. Examples of previous challenges include organizational structure, developing the business, and improving product and service delivery. Table 7 provides a review of the 2018 challenges ASD Foundation leaders and staff face, as well as, the advantages that the foundation presents to the community. The 2018 challenges ASD Foundation leaders face directly tie into the growth seen after the implementation of the 2016-2018 Strategic Management Plan. Established processes and a focus to nurture are the advantages ASD Foundation leaders have over the potential competition.

Table 7

*ASD Foundation Challenges and Advantages in 2018*

Strategic focus area	Key strategic challenges
Identifying and implementing the best choices for strategic action and tasks.	ASD Foundation leadership and staff see an increased demand for more mental health support and peer support. Leadership and staff are working to determine the best way for the ASD Foundation to address the increased demand and be part of the solution.
Increasing logistical requirements.	ASD Foundation leadership and staff face increasing requirements for printing and distribution of books and materials, travel arrangements, account management, information technology, hotel agreements, course creation, modification and updates, registration management, event management, and many other items.
Academic support for the effectiveness of CISM is still weak.	ASD Foundation leadership suggested that academics perform formal research on the use of CISM and document the results.
Strategic focus area	Key strategic advantages
Established model for peer support.	The ASD Foundation has an established model for peer support that has a successful track record. If done properly, CISM works. That means individuals who use the ASD Foundation model (peers) must precisely follow the system as designed. The individuals must also know their limitations, which CISM is not therapy, and is not long-term treatment.
CISM done correctly.	In the real world, people who practice CISM know that if they do the process correctly, CISM works well, no different than many other things individuals in society perform each day, including following a recipe, jump-starting a car, or performing CPR.
Maintain 2016-2018 Strategic Management Plan execution.	Over the years, ASD Foundation leaders and staff saw growth in the managing critical incident stress. Foundation leadership created goals and objectives and a vision for the organization. In the most recent 2016-2018 Strategic Management Plan, leadership created strategies and specific tasks that will support the overall strategies. The foundation's leaders and staff have steadfastly accomplished the goals outlined in the plan. The foundation leaders and staff need to continue to complete the tasks and improve processes.

**Performance improvement system.** Monthly, four foundation leaders—the two cofounders, CEO, and the director of education and training—meet at the founders’ meeting to discuss ways to improve what the foundation does. The CEO has periodic communications with the chairman of the board. One designated member of the board of directors has more frequent communications with the CEO, monthly or sometimes more frequently. The CEO conducts quarterly meetings with the board to provide updates on ASD Foundation finances and updates on programs. In addition to senior leadership, foundation staff research ways to improve organizational and individual performance. Leadership encouraged the staff to research and implement various information technology enhancements to better the foundation. Examples include installing upgraded and larger servers; moving essential software functionality to the cloud, thus allowing multiple staff members to access the system and data at once; utilizing the QuickBooks software to track income and expenses, invoice and accept payments, run and send estimates, manage bills, and manage budgets; and switching from Blackboard to the open source Moodle learning platform and course management system that is used by organizations, large and small, and nearly 100 million users.

### **Leadership Triad: Leadership, Strategy, and Customers**

#### **Leadership**

**Senior leadership.** Since establishing the foundation, the cofounders, board members, and executive directors provided strategic direction to guide the foundation of where the organization is today. Before 2009, the foundation’s leadership structure included the board, the chairman of the board, president, executive director, director of

operations, director of education and training, and director of finance. The president, also board-appointed, oversaw the development of alternative funding sources and served as the primary United States contact to the foundation's European office as well as to ASD Foundation's liaisons in the United States. ASD Foundation leadership incurred a CEO change in 2013 and a director of the board change in 2015.

In 2014, the CEO and the board dropped the president and director of operations positions, and because of the importance of training and education, kept the current director of training and education position. The CEO, the two cofounders, and the director of education and training believe in continued openness and meet monthly through the founders' meeting to discuss ASD Foundation issues. The cofounders provide specific critical incident stress management information and recommendations to the CEO and director of education and training. Additionally, the CEO provides an update monthly to the chairman of the board. Throughout the senior leadership changes, ASD Foundation leaders and staff never lost focus and remained closely connected to the first responder community and constantly sought to engage with not only the first responders but the local communities and state and federal governments.

The board and senior leadership include various graduate, postgraduate, and licensed professional social and psychological backgrounds. Foundation leadership backgrounds include licensed clinical social work in clinical trial studies and licensed clinical work. Educational backgrounds include Doctor of Philosophy degrees, Doctor of Psychology degree, Master of Science degrees in social work, a Master of Education degree, and a Master of Counseling degree.

*Vision and values.* Kopaneva and Sias (2015) wrote that a vision statement is what the organization wants to be in the future—their ideal future goal. Warrick (2017) emphasized that core values drive the organizational culture and leaders should use these values in making decisions.

*Setting vision and values.* Under the leadership structure established in 2016 (refer back to Figure 3), the CEO sets the mission, vision, and values of ASD Foundation and the board provides feedback and approval. If not part of a strategic plan change, ASD Foundation leaders and staff work collaboratively to develop the foundation of the organization's vision and values. During the periodical founders' meeting, the CEO, along with the cofounders and the director of education and training, continue to formulate the vision and values. Additionally, during the monthly CEO–chairman of the board meeting, the CEO may present the changed or updated vision and organizational values to the chairman of the board for initial concurrence. Before the next quarterly board meeting, the CEO, with the chairman of the board's concurrence, might provide an advanced copy of the changes. At the following quarterly board meeting, the board will vote on the changed vision and values. Once the board approves the vision and values, the CEO and staff will implement the changes, building tasks and timelines to achieve the new vision.

*Legal and ethical behavior.* As an NPO foundation, the leaders and staff of ASD Foundation must follow the applicable laws for an NPO and a private foundation to include all IRC reporting requirements. Two major parts of the IRC for NPOs pertain to transparency and accountability. NPO leadership should make full and accurate



information available to the public regarding the NPO's mission, activities, finance, and governance. ASD Foundation leadership provides the foundation's IRS Forms 990 and 1023 to GuideStar for public availability. Leadership also provides the audited income statement as part of the quarterly *LifeNet* publication. Additionally, the Business Regulation §6-410 and §6-411 of the Maryland Solicitations Act requires NPO leadership to provide an (a) disclosure statement and (b) written financial statement upon request (Maryland Secretary of State, n.d.).

ASD Foundation leadership has direct access to legal counsel and auditors to utilize as needed. An independent accounting firm audits the foundation's financials to ensure reasonable assurance about whether the financial statements were free of material misstatement. Additionally, the audit of the foundation's financial statements included whether the foundation's leadership presented the financials conforming to accounting principles generally accepted in the United States of America (U.S. GAAP). The audit does not relieve the foundation's leadership from the preparation and fair presentation of the financial statements according to U.S. GAAP. Once the auditors complete and present the audit results, and senior foundation leadership accepts the results, the CEO files the applicable IRS Forms 990 and 1023 with the IRS and also provides the forms to GuideStar for public availability.

ASD Foundation leadership developed an employee handbook to assist employees in understanding what each employee is expected of them while employed. The current handbook is several years old; however, the leadership intends to update the handbook. The handbook contains the foundation's workplace practices, job expectation,

leave policies, benefits and insurance information, internal communication policy, career development, compensation and accounting procedures, building procedures, and code of ethics. Each employee is required to sign for receipt of the handbook, confirming that reading and understanding the policies contained within the handbook is their responsibility. Leadership keeps the employee's acknowledgment on file. Within chapter 9 of the employee handbook, foundation leaders state the foundation's code of ethics. The foundation leaders modeled their code of ethics from the Maryland Nonprofits' Standards for Excellence Institute. Key legal compliance and ethics areas covered included (a) maintaining legal compliance, (b) required public disclosures, (c) reporting misconduct and whistleblower protection, (d) conflicts of interest, and (e) ethics (Standards for Excellence Institute, 2018).

***Communication.*** How senior leaders communicate with and engage the workforce and key customers.

***Workforce.*** The CEO meets with all available staff once a week during a scheduled staff meeting. The CEO communicates with department directors each week or bi-weekly as needed. During the meeting, the CEO guides each director and the director provides updates to their respective department's activities as part of the strategic management plan's tasks. For individual employee communication, the employee handbook includes a communications chapter that provides the open-door policy and telephone and information technology communications policy. ASD Foundation leaders are committed to enabling and allowing access for all employees to senior leadership. However, senior leadership also believe in the chain of command when attempting to

resolve issues, promoting all levels of management to resolve issues. Table 8 provides an overview of different internal workforce communication methods ASD Foundation leaders and staff use to exchange information.

Table 8

*ASD Foundation's Internal Communication Methods*

Methods	Frequency	1-way/2-way
All-Hands Meetings	As needed	1-way
Departmental meetings	Weekly	2-way
E-mails, text messages, tweets	As needed	2-way
Slack (team messaging application)	As needed	2-way
Employee handbook	As needed	2-way
Ethics hotline	As needed	1-way
Evaluations	Annually	2-way
Internet	Daily	1-way
New hire orientation	As needed	2-way
Policy board	As needed	1-way
Staff meetings	Weekly	2-way
Whiteboards	Daily	2-way

*Key customers.* Beyond the regulatory and obligatory financial disclosures, foundation leadership and staff use the foundation's website as the main conduit to current and potential stakeholders. ASD Foundation leaders found that they had to quickly invest in new or updated communications, marketing, and distribution strategies. The new strategies included leaders investing in multilayered communication and marketing program using in-person events, social media, directed email, a quarterly publication to members, CISM trainer recommendations to individuals taking CISM courses. Table 9 provides a list of the foundation's external communication vehicles. ASD Foundation leaders sought technology as a means to distribute information, provide

support, and offer training opportunities. Leaders and staff stated that demand for CISM resources is increasing; relating the increased number of ASD Foundation approved instruction, increased regional training attendance, rapid growth in social media pages—nearly 400% growth from 2016 through mid-2018, increased website visits per month, and increased Speakers Bureau interest as examples of increased demand.

Table 9

*ASD Foundation External Communication Vehicles*

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External communication vehicles
<ul style="list-style-type: none"> <li>• Website – Main communication vehicle</li> <li>• Press releases</li> <li>• Social media platforms – Facebook page and stories, Twitter, Google+, LinkedIn</li> <li>• <i>CISM wisdom</i> – A biweekly newsletter available electronically</li> <li>• <i>LifeNet</i> – Quarterly ASD Foundation publication</li> <li>• <i>Crisis, Stress, and Human Resilience: An International Journal</i> – An online, open access, multidisciplinary journal published quarterly</li> <li>• Email updates – To subscribed members</li> <li>• Apparel – Sold online or at events and training</li> <li>• In-person events – Attendance, presenting, and marketing at conferences, trade shows, and symposiums</li> <li>• Online Bookstore – Books, research articles, etc.</li> </ul>

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As noted earlier, the foundation’s website is the primary method that people reach out to the foundation’s leadership and staff, with over three-fourths of the visitors being first-time visitors. Because of increased activity, foundation leadership had to request to the vendor to increase server capacity. Leadership and staff completed the website update, the third update in five years, that included decluttering the site and reducing redundant information, thus enhancing the experience of new visitors and allowing increased use of analytics. Through the website, leadership provides individuals looking

for updates an easy way to sign up for the updates. Press releases, social media, and email updates provide current and potential stakeholders updated CISM information, to include courses and the biennial worldwide forum to address crisis and stress. The *LifeNet* quarterly publication was the first regular publication providing updates from the foundational leadership, including financial information, and real-life stories about CISM. *CISM Wisdom* provides the foundation leadership and staff a method to share knowledge in CISM every couple of weeks, including topics like suicide prevention, behavioral health, peer support, veteran healing, and coping with trauma.

ASD Foundation leaders value the insight of the foundation's employees and CISM instructors. Many full-time and near full-time employees have a long history with the foundation, with some working since the beginning of the foundation. Some of the employees have personally seen the effects of critical incident stress on their families and friends. Foundation employees believe in the foundation's mission and determine various ways within the context of the 2016-2018 Strategic Management Plan to help first responders and individuals impacted by critical incident stress. Senior leadership stated in the 2016-2018 Strategic Management Plan that the challenge was to identify the most effective strategies, tactics, actions, and tasks to achieve the foundation's mission. The employee can directly see their efforts in support of first responders and the growth of the foundation's revenue and members.

***Mission and organizational performance.*** The organizational mission, developed during the strategy development process, is the organization's primary purpose that often specifies the business the organization intends to compete or the customers the

organization intends to serve (Dyer, Godfrey, Jensen, & Bryce, 2016). For an NPO, the mission statement is the overall function and answers the question, “What is your organization attempting to accomplish? (Baldrige Performance Excellence Framework, 2017b).

*Creating an environment for success.* Organizational leaders can create an environment that is successful now and in the future through leadership and active participation in key processes: strategic planning, action planning, communication, reward and recognition, knowledge sharing, organizational learning processes, and continuous improvement methods (Baldrige Performance Excellence Program, 2018). Over the years, the cofounders and senior leaders created an environment to help first responders deal with critical incident stress. ASD Foundation leaders hire employees and utilize volunteers that reflect the culture reflected in the foundation’s core values—belief in “Helping Save the Heroes” through a team-driven approach, personal interaction, CISM conducted properly, financial independence, and maximizing peer support. One of the five core values—financial independence—is built on not relying on one or two major sources of income.

*Creating a focus on action.* ASD Foundation leadership developed and implemented strategic plans that contained focus areas, goals, tactical strategies, and tasks to achieve within the plan’s period. In each case, leadership focused the strategic plans on advancing critical incident stress management. However, each department director is responsible for creating action plans to complete the tasks contained in the 2016-2018 Strategic Management Plan.

Table 10

*ASD Foundation Mission Statement Change*

Pre-2009 mission statement	2009 and later mission statement
To provide support for emergency services personnel experiencing critical incident stress from workplace trauma. Programs and workshops are designed to improve the knowledge and skills of personnel as well as providing critical incident stress management (CISM) teams and individuals with consultation and support in the field of critical incident stress. This is done through membership services, education and training, outreach, and consultation.	To provide leadership, education, training, consultation, and support services in comprehensive crisis intervention and disaster behavioral health services to the emergency response professions, other organizations, and communities worldwide.

Before the 2013 CEO change, ASD Foundation senior leadership developed the 2009-2011 Strategic Plan that included the foundation's new mission statement. The 2012-2014 Strategic Plan and the 2016-2018 Strategic Management Plan further solidified the changed mission. Table 10 provides a comparison of the old and new (present) mission statements. The new mission statement became effective in 2009 and took the ASD Foundation from a support and training role in CISM to a leading and nurturing role in critical incident stress, including organizations and communities external from the field of critical incident stress. As the mission statement changed, so did the goals that ASD Foundation leadership established (refer to Table 11).

Table 11 provides a comparison of the past three strategic plans' goals.

Table 11

*ASD Foundation's Strategic Plan Goals (2009-2018)*

2009-2011 strategic plan*	2012-2014 strategic plan	2016-2018 strategic management plan
Goal 1: Develop and maintain a clearly defined, effective, and adaptable organizational structure.	Goal 1: Enhance and ensure effective communication internally and externally.	Goal 1: Expand international activity and support.
Goal 2: Enhance and ensure effective communication internally and externally.	Goal 2: Maximize available technology to improve the organization's efficiency and effectiveness.	Goal 2: Improve information dissemination.
Goal 3: Maximize available technology to improve the organization's efficiency and effectiveness.	Goal 3: Examine the effectiveness of CISM or any of its constituent parts and incorporate such findings into future program development.	Goal 3: Secure financial stability, expansion, and accountability.
Goal 4: Identify and secure adequate funding streams to support current and future operations.	Goal 4: Develop and provide products and services that are of the highest scientific and professional quality.	Goal 4: Enhance the networking of people and organizations.
Goal 5: Examine the effectiveness of CISM or any of its constituent parts and incorporate such findings into future program development.	Goal 5: Develop, promote, strengthen, and support mutually beneficial relationships with other organizations.	Goal 5: Create updated and improved educational programs.
Goal 6: Develop and provide products and services that are of the highest scientific and professional quality.		
Goal 7: Develop and maintain mutually beneficial partnerships.		
Goal 8: Develop, promote, strengthen, and support mutually beneficial international relationships.		

\*The 2009-2011 Strategic Plan incorporated the foundation's change in mission.



In the 2009-2011 and 2012-2014 Strategic Plans, ASD Foundation leadership established strategic focus areas and then established specific objectives for each strategic focus area. Strategic focus areas included communications; organizational structure; technology; funding; research; products, courses, and services; partnerships; and international. ASD Foundation leadership further established a timeline within the strategic plan, e.g., a quarter of a fiscal year, for each objective. For the 2015 strategic planning process for the 2016-2018 Strategic Management Plan, the ASD Foundation leadership changed the focus from strategic planning to strategic management, identifying specific tasks to complete through executing goal-aligned tactical strategies. However, leadership identified that for each tactical strategy, leaders and staff must develop a plan identifying the logistics, marketing, and project management.

ASD Foundation leadership, through the 2016-2018 Strategic Management Plan, further emphasized the changed mission and provided 22 tactical strategies to meet the foundation's primary objective of nurturing the field regarding the work and values of CISM. The 22 tactical strategies became the priorities leaders and employees worked toward to meet five essential goals to support the vision, carry out the mission, and focus upon the primary objective: (a) expand international activity and support; (b) improve dissemination of information; (c) secure financial stability, expansion, and accountability; (d) enhance the networking of people and organizations; and (e) create updated and improved educational programs. Additionally, ASD Foundation leadership recognized the importance of subordinate tasks to support the 22 tactical strategies (Table 12) and established 42 tasks to complete (excerpt of the tasks at Table 13). ASD Foundation

managers and coordinators further establish the action plans and timelines to complete the 42 tasks.

Table 12

*ASD Foundation's 2016-2018 22 Tactical Tasks*

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These strategies list areas of work of the ASD Foundation that support the achievement of the Goals. Each tactic needs a plan to identify the logistics, marketing, and project management. (Listed in no specific order.)

- Regional training
  - Approved Instructor
  - Speakers Bureau
  - Team support and nurturing
  - Membership
  - Fundraising events
  - Webinars
  - Biennial worldwide forum
  - Employee direction, engagement, and leadership
  - CISM certification
  - Book and student manual sales
  - Annual report
  - Strategic plan
  - LMO and partner relationships
  - Instructor support and nurturing
  - Course updates
  - New courses
  - Social media
  - Website as a key informational and marketing instrument
  - Consultation for teams and members
  - Board of Directors operation and support
  - Online courses
-

Table 13

*Excerpt of ASD Foundation's 2016-2018 Supporting Tasks to the Tactical Strategies*

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Identified tasks that leadership and staff must perform in support of the 41 tactical strategies within the 2016-2018 Strategic Management Plan	<ul style="list-style-type: none"> <li>• Define who is a “partner” and who is a “like-minded organization (LMO)” and what that means</li> <li>• Identify and pursue a limited number of specific new client groups that will benefit from ASD Foundation support</li> <li>• Course updates and new course plans</li> <li>• Targeted marketing displays at events and articles in publications</li> <li>• Contact victims of incidents/disasters to offer condolences and support</li> <li>• Connect webinars to other products to promote those products</li> <li>• Create pertinent facts as part of email marketing for products, including <i>CISM Wisdom</i> things to know</li> <li>• Include video info clips on the website</li> <li>• Agreement with instructors who want to print locally</li> <li>• Develop official agreements with international organizations that support CISM and ASD Foundation work</li> <li>• Utilize Google Ad Words</li> <li>• Migrate to Gmail</li> </ul>
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*International expansion.* Two examples of expanding international activity and support include (a) AIP individual and group course material translations to German and French and (b) expansion into China. In the latter example, one of the founders and a foundation staff member provided CISM instructor training in China. The China training effort began from a like-minded organizational contact at the 2015 Biennial Worldwide Forum. This like-minded organization received the Leadership Award for International Crisis Response at the 2015 Biennial Worldwide Forum. ASD Foundation leadership is working towards a formal AIP schedule for 2019.

**Governance and societal responsibilities.** Review of how the organization leadership governs and fulfills societal responsibilities.

***Organizational governance.*** How the organization leadership ensures responsible governance. The NPO's board typically provides the governance oversight for the NPO leadership's actions.

*Governance system.* As a nonprofit within the mid-Atlantic region of the United States, ASD Foundation senior leaders developed the foundation's by-laws, including amendments to the by-laws, according to state corporation law. The by-laws are the foundation's internal operating laws. The foundation's leadership abides by the stated by-laws in governing the foundation's activities. The board provides the overall direction for the management of the foundation's business and affairs. According to the by-laws, the board meets at a minimum of once a year. The president, or by a majority of board members, may call for special meetings throughout the year. The board currently meets quarterly. The board may appoint among the board members, an executive committee, and other committees to serve at the pleasure of the board. The board has one formal committee—the finance committee—who selects the independent auditor and oversees the audit of the foundation's financial reports and tax filings.

Additionally, the board may appoint an advisory board from the corporation's associate members. Associate members may include allied emergency services professions and related crisis-related crisis response professions, career or volunteer, and students in professions above. Finally, the board has the authority to hire a CEO, an executive director, or both. The CEO supervises and controls all of the business affairs of the foundation and is responsible for implementing the policies of the foundation. The board also authorized the CEO with fiduciary responsibilities. The board hires the

executive director to perform duties authorized by the CEO or the board.

*Performance evaluation.* The board uses a systematic approach to fill board member vacancies. If the vacancy was caused other than an increase in the number of directors, the vacant seat might be filled by a majority of the remaining directors, although such majority is less than a quorum. Where an increase in members causes the vacancy, the majority of the entire board is required. The board is a self-governing board and has a stated procedure to remove directors. The directors may, at any time, remove any director, with or without cause, by a majority vote of the entire board, and may elect a successor to fill any resulting vacancy for the balance of the term of the removed director.

In addition to the monthly founders' meeting, the CEO and the chairman of the board meet on a monthly basis between the quarterly meetings and discuss foundation matters that might not wait until the quarterly meeting. The agenda at the quarterly board meeting typically includes a welcome from the chair, approval of last minutes, finance report, CEO report which includes specific updates to the foundation's operations, and adjournment. When an action requires a vote from the board, a majority vote is required to pass the action.

*Legal and ethical behavior.* As I noted earlier in the Mission and Values subsection, ASD Foundation leadership created an employee handbook that provides the foundation's code of ethics that each employee acknowledges and understands. The leadership designed the code of ethics as an official document and, with the rest of the policies within the handbook, when an employee does not abide by the policies, the

employee may be dismissed from the foundation. However, the ASD Foundation trained and approved instructors do not fall under the policies and guidelines within the employee handbook. In many cases, ASD Foundation trained and approved instructors are the face of the foundation. Foundation leadership established policies and procedures regarding compliance. One example that leadership requires from the approved instructors includes using standardized course evaluations and completed by each course or regional training participant.

***Societal responsibilities.*** How the organization's leadership (a) considers the well-being of society and (b) supports and strengthens the communities around them.

*Society well-being.* According to foundation leadership, the appeal of helping individuals who suffer from exposure to critical incidents, the notion of creating programs to respond, and treat and address such issues, goes beyond merely wanting to help. Societal well-being is at the heart of what ASD Foundation leaders and staff do every day. The focal points for ASD Foundation's leaders and staff support are to the first responders (e.g., emergency medical responder, emergency first responder, firefighters, and paramedics), nonmedical personnel (police and law enforcement), and lay people involved in critical incidents that leave them emotionally and/or physically affected by those incidents. According to one of the cofounders, ASD Foundation taps into a core psychological need. The foundation's reach ultimately helps strangers and anyone in need. Many individuals associated with or that follow the foundation have been with the foundation from the start, for nearly three decades. During the nearly three decades, many individuals became CISM believers and continued to seek more expertise every year,

every month.

Foundation leaders interweaved societal well-being in the foundation's vision, mission, core values, primary objective, goals, tactical strategies, and tasks contained in the 2016-2108 Strategic Management Plan. The primary objective of the foundation is to nurture the field regarding the work and values of CISM. The primary objective is the guiding principle that directs the ASD Foundation in the work of the mission and receives support from the five goals (refer to Table 11). The five goals further support the vision, provide the foundation to execute the mission, and help focus leaders and staff on the primary objective.

*Community support.* Through the ASD Foundation's Academy of Crisis Intervention (academy), foundation leaders, staff, and approved instructors promote and maintain standards of training in the specific field of crisis intervention and is in the forefront of delivering quality CISM training. The academy offers every CISM course and certification either through attending regional training, the biennial worldwide forum, approved instructor courses, online courses, on-demand courses or webinars, or attending courses through the Speakers Bureau. Through attending applicable CISM courses, peers and first responders can proactively and reactively cope with critical incident stress.

## **Strategy**

**Strategy development.** How the organizational leadership develops their organizational strategy.

*Strategy development process.* The strategy development process includes how organizational leadership performs strategic planning, stimulate and incorporate

innovation, incorporate strategy considerations, and decide who conducts key processes—internal workforce or external partners and partners.

*Strategic planning process.* When nonprofit organizational leadership and staff use strategic planning, sustainability and service to the community improve, and organizational performance increases (Rana, Rana, & Rana, 2017). During the strategic planning process, NPO leaders and staff identify various strategies that help the NPO to execute their mission and commit to measurable goals, develop and approve implementation priorities, and commit to periodic evaluation and potential improvements (National Council of Nonprofits, 2018c). The strategic development process for the ASD Foundation includes input from the cofounders; board members; CEO; director of education and training; education and training manager; chief financial officer; approved instructor manager; team coordinator; membership, online, and CEU manager; and general counsel.

For the 2009-2011 and 2012-2014 Strategic Plans, ASD Foundation senior leadership and the board of directors created a strategic planning team and held off-site meetings to explore the external trends and forces affecting the foundation. The strategic planning team assessed the foundation's strengths, weaknesses, opportunities, and threats (SWOT), customer demands, and strategic issues of the foundation and then identified or updated strategic focus areas—areas that the foundation must address or improve upon over the 3-year period that the strategic plan covered. The strategic planning team then outlined the path forward for developing annual action plans and for monitoring implementation of the strategic plan.



In 2015, ASD Foundation leadership developed and released the 2016-2018 Strategic Management Plan, which the foundation's employees and leaders continue to follow. Similar to the previous strategic plans, the 2016-2018 Strategic Management Plan covered a 3-year period. The CEO took a different route in developing the strategy than the foundation's previous senior leadership used to develop the previous strategies. Using direct input from the staff and the cofounders, historical and current data, personal knowledge, and conducting a SWOT analysis, the CEO developed the 2016-2018 Strategic Management Plan and then presented the strategic management plan to the board of directors for approval. The 2016-2018 Strategic Management Plan describes clear goals, followed by tactical strategies, and then specific tasks that serve the primary objective of nurturing the field regarding the work and values of CISM.

*Innovation.* Foundation leadership stated that due to changes in the world—faster and more global communication methods, electronic versus paper, more self-service systems that use modern technology, new alternatives to shipping hard copy student manuals, social media users sharing knowledge and opinions, online courses, and websites and search engines becoming essential tools—the foundation needed to change. Although the leadership encouraged the use of innovative methods within each of the past three strategic plans to promote CISM and help first responders, faster changes needed to occur.

Recent use of innovative methods includes using social media to communicate with current and potential stakeholders and to market the importance of CISM. Social media methods include Facebook page and stories, Twitter, Google+, and LinkedIn.

Leadership encouraged the staff to research and use recent technologies in Google Ads and Google's big data analytics. In the 2016-2018 Strategic Management Plan, leadership specifically listed Google AdWords (became Google Ads) and updating and using the organization's website for membership and instructor information. Using Google Ads and Google's big data analytics, ASD Foundation leadership saw the aforementioned rapid growth in social media pages—nearly 400% growth from 2016 through mid-2018 and increased website visits per month, potentially causing the increased training occurred during the two-plus years.

***Strategic objectives.*** Strategic objectives are the highest goals of the organizations and are directly related to the organization's mission and vision.

***Key strategic objectives.*** Key strategic objectives are the aims or responses that an organization's leadership enunciates to a major change or improvement, competitiveness, or social issues, and business advantages (Baldrige Performance Excellence Framework, 2017b). From the beginning of the foundation, the cofounders and leadership throughout the years focused on providing preincident education to address the mental health concerns of responders to disaster and crises (e.g., firefighters, paramedics, emergency medical teams, police officers, dispatchers, and laymen). Before the 2016-2018 Strategic Management Plan, ASD Foundation leaders developed the strategic plans to cover a 3-year period and connected strategic focus areas to goals and objectives. With each objective, leadership emphasized a completion date. For example, in the 2009-2011 Strategic Plan, Goal 1 was to develop and maintain a clearly defined, effective, and adaptable organizational structure. Leadership assigned the organizational structure

strategic focus area and included four objectives, the first being, *By the First Quarter, 2009, determine and document the current organizational structure and define current roles, responsibilities, authority, and accountability.* As I mentioned earlier, in 2016, the ASD Foundation CEO changed the focus from strategic planning to strategic management, identifying specific tasks to complete through executing goal-aligned tactical strategies. Each department director must develop and then implement action plans identifying the logistics, marketing, and project management.

**Strategy implementation.** The success of the 2016-2018 Strategic Management Plan and the foundation is incumbent upon the department directors and employees in executing each tactical strategy. ASD Foundation department directors take the guidance and tasks within the 2016-2018 Strategic Management Plan and further develop action plans to execute tasks. During the weekly staff meeting, the CEO and all staff members discuss progress in each of the tactical strategy action plans. Leadership has not developed key performance indicators (KPIs) to measure the impact of the action plans. Leadership is asking questions like, are horrible incidents so much more frequent? Or, is the stress of exposure to such incidents worse than ever? Maybe the ASD Foundation reached out, made themselves available, and achieved the attention of people who otherwise were unaware of the ASD Foundation. Perhaps their communities are gaining a stronger understanding of the need for peer support, for CISM or related programs. Leadership is answering those questions by identifying various metrics to use for KPIs, for example, using Google Ads and Google's big data analytics to measure success.

## Customers

**Voice of the customer.** How does the ASD Foundation leadership and staff obtain information from their current and potential customers and how do the foundation leaders and staff determine customer satisfaction and engagement? Organizational leaders can create customer trust and confidence if they listen to their customers. As stated in their mission, ASD Foundation provides leadership, education, training, consultation, and support services in comprehensive crisis intervention and disaster behavioral health services to the emergency response professions, other organizations, and communities worldwide. ASD Foundation's customers are first responders (e.g., emergency medical responder, emergency first responder, firefighters, and paramedics), nonmedical personnel (police and law enforcement), and lay people that might come across an emergency incident. ASD Foundation leaders and staff value customer feedback and use several means to receive feedback, including (a) classroom-based, online, and OnDemand Webinar course evaluations; (b) approved instructor evaluations; (c) Speakers Bureau evaluations; (d) biennial worldwide forum papers and presentations; (e) Facebook comments; (f) website contacts using telephonic or e-mail means; (g) emergency hotline; (h) *LifeNet* article authors; and (i) scholarly input to the *Crisis, Stress, and Human Resilience: An International Journal*. Additional feedback comes from the analytics the ASD Foundation staff perform. Examples include (a) monthly growth in the number of courses taught by ASD Foundation approved instructors; (b) rapidly increasing activity on the foundation's social media pages, nearly 400% over the past three years; (c) posts on the foundation's Facebook page now are reaching thousands of

people each week; and (d) website visits to the foundation's website increasing each month with evidence that new visitors are reaching out to that site at a remarkable rate.

However, the ultimate feedback that ASD Foundation leaders and staff could receive is how the training a first responder received in peer-supported CISM, either personally helping the first responder to cope with critical incident stress or allowing the first responder to help a peer cope with critical incident stress. In either case, not coping with critical incident stress could result in injury or death of an individual. Peer support has changed the landscape in emergency services, military, and first responder organizations.

**Customer engagement.** How does ASD Foundation leaders and staff engage customers by serving their needs and building relationships? In listening to their customers, organizational leaders and staff might use a variety of data, including survey data, focus group findings, social media, marketing and sales information, and complaint data to answer potential marketing and service questions (Baldrige Performance Excellence Framework, 2017a). ASD Foundation leaders determine products and service offering by working with staff members, approved CISM instructors, and first responder peer support individuals. The leaders and staff have several opportunities to engage their customers—the first responders (e.g., emergency medical responder, emergency first responder, firefighters, and paramedics), nonmedical personnel (police and law enforcement), and lay people that come across an emergency incident—to gauge various products or services while executing the foundation's mission. Interactions with customers occur at Regional Training, biennial worldwide forum, Approved Instructor

Program, Speakers Bureau, and special events (e.g., Riding with The Heroes, a local motorcycle ride). In each issue of *LifeNet* (an example of the September 2018 front page is at Figure 5), the CEO presents a status of the foundation to all foundation members. In the status, the CEO reminds each member to be engaged with the foundation and continually learn.



Figure 5. ASD Foundation's *LifeNet* (redacted for client confidentiality).

Each foundation employee has a key responsibility in executing the foundation's mission. The 42 tasks contained with the 2016-2018 Strategic Management Plan provide a starting list of tasks that managers and staff can complete; all the tasks are focused on interfacing with the first responder and providing CISM-related information to the first

responder, approved instructors, and community leaders. For example, of the 22 tactical strategies that the 42 tasks support, one major tactical strategy is to conduct the biennial worldwide forum. In the 14th Biennial Worldwide Forum in 2017, ASD Foundation leadership introduced the virtual biennial worldwide forum, allowing participants to attend from around the world. The 15th Biennial Worldwide Forum, scheduled for 2019, may feature the same capability, representing another step in the foundation's global strategy. Figure 6 provides attendee expectations and topics included in the 15th Biennial Worldwide Forum.

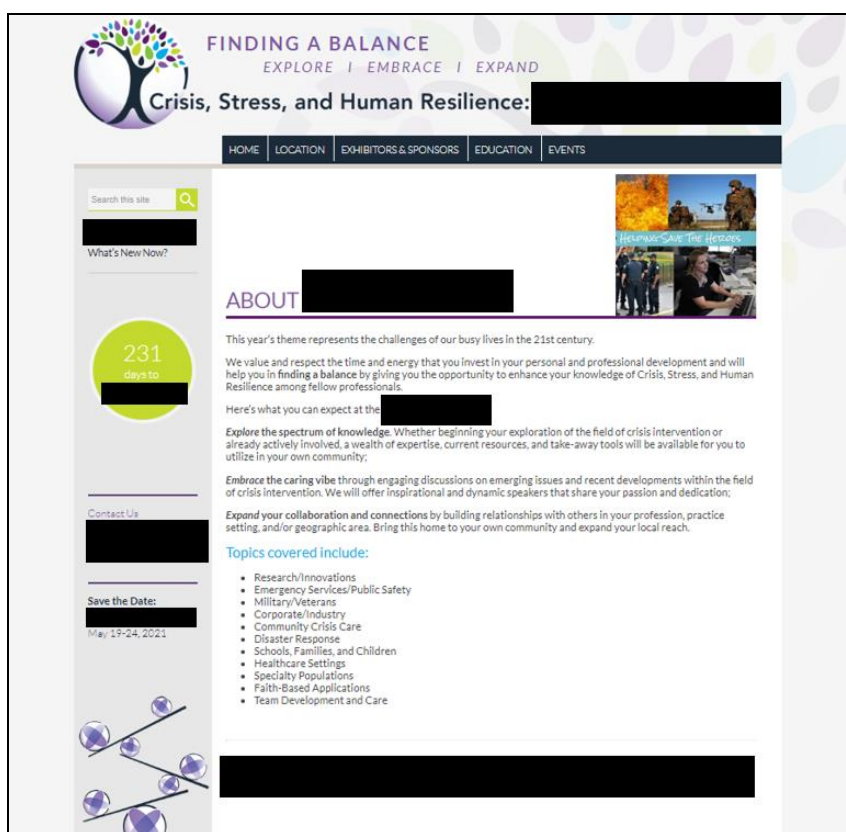


Figure 6. ASD Foundation's 15th Biennial Worldwide Forum website (redacted for client confidentiality).

In addition to the biennial worldwide forum, the foundation dedicates a part-time position to solely assisting CISM teams. Leadership is planning to increase foundation support for the myriad of CISM teams. CISM teams around the world that are interested in being available to the foundation for referrals and listed in the foundation's CISM team database submit information that allows the foundation's Hotline dispatchers or the foundation staff to refer when they receive requests for assistance. The foundation includes nearly 900 CISM teams. However, of those listed teams, the foundation staff maintain only about 270 teams with updated information. Becoming a listed verified CISM team requires team leads to provide signed verification packets that include the team's mission statement, policies, procedures, training practices, member qualifications required by the team, and other information.

As I covered earlier, ASD Foundation leadership began *CISM Wisdom* in 2018 as a biweekly electronic newsletter that goes to over 20,000 recipients. Figure 7 provides an example of a recent *CISM Wisdom* release. Foundation staff developed *CISM Wisdom* as a mobile platform capable electronic newsletter to provide the foundation leadership and staff a method to share knowledge in CISM every couple of weeks, including topics like regional training opportunities, suicide prevention, behavioral health, peer support, veteran healing, and coping with trauma.



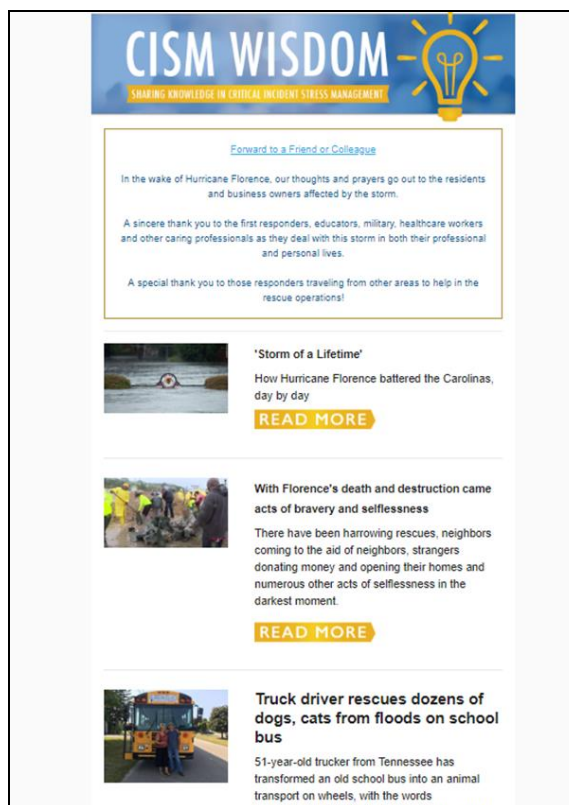


Figure 7. ASD Foundation's *CISM Wisdom* example.

**Brand management.** Brand management is one of four critical processes that organizational leaders might use to determine and customize product offerings that serve their organization's customers and markets; for enabling their customers to seek information and support; and for identifying potential customer groups and market segments (Baldrige Performance Excellence Framework, 2016). The other three include engagement as a strategic action, customer relationship strategies, and complaint management (Baldrige Performance Excellence Framework, 2016). Brand management is the organization's leader's positioning of their product offerings, that (a) may lead to improved brand recognition and customer loyalty and (b) build the customer's emotional

attachment to differentiate the organization from the competition and build loyalty (Baldrige Performance Excellence Framework, 2016).

*ASD Foundation rebranding.* An NPO's brand image has a significant role in shaping a customer's donations to the NPO (Michaelidou, Micevski, & Cadogan, 2015; Shehu, Becker, Langmaack, & Clement, 2016). Early in 2014, leadership decided to change the foundation's branding from symbolizing the four elements of CIS to a symbol that illustrated the foundation's worldwide mission and core values: *Helping Save The Heroes*. Although the leadership and staff used the original branding for 24 years and the branding was well known, leadership decided a fresh start that encompassed the foundation's worldwide mission and core values was warranted.

*Retooled website.* The foundation's website is the primary face of the foundation for current and future customers. In September 2018 foundation leadership and staff released a retooled website that utilized an updated user interface that might increase the user's experience. The website is easier to navigate and follows updated web design to include usability, responsiveness, and mobile web design. The updated web design also includes the updated use of metrics.

### **Results Triad: Workforce, Operations, and Results**

#### **Workforce**

The workforce includes individuals, whether hired as permanent, temporary, and part-time employees, contract individuals, and volunteers that are involved in accomplishing the organization's work (Baldrige Performance Excellence Framework, 2017b).

**Workforce environment.** How does the ASD Foundation's senior leadership build an effective and supportive workforce environment? At the core, ASD Foundation is a small organization with only 14 personnel to perform the organization's mission. As such, senior leadership empowers managers and coordinators to develop action plans to complete or execute tasks contained within the 2016-2018 Strategic Management Plan. Leadership conducts daily, weekly, and periodic status checks of the progress of task completion, conducted face-to-face and telephonically. A key status check occurs at the weekly staff meeting which includes every employee. Leadership also encourages employees at all levels to take initiatives to promote and help nurture CISM. In a recent example, an employee recommended a way to increase course material and additional CISM text material sales by making the material available on the Internet external from the foundation's member access. In another example, an employee invested in learning and understanding website analytics. Through using analytics, the foundation leadership learned that the Transportation Security Administration increased attendance in CISM courses, there was an increase by law enforcement professions in CISM courses, and online delivery of courses had increased.

***Workforce capability and capacity.*** How do ASD Foundation leaders assess their workforce capability and capacity needs? Workforce capability is the organization's ability to work through their processes and knowledge, skills, abilities, and competencies (Baldrige Performance Excellence Framework, 2017b). Workforce capacity refers to the organization's ability to ensure sufficient staffing levels to carry out the organization's mission (Baldrige Performance Excellence Framework, 2017b).

*New workforce members.* The foundation leaders are committed to promotion from within the organization, when appropriate, thus encouraging both internal advancement and external competitiveness in recruiting and placing the most qualified applicant in an open position. When the leadership finds that a position is available, leaders post a job opportunity announcement for the open position in highly visible areas of the foundation. Leadership classifies employees under four categories:

- Salary exempt – Salaried employees who are not eligible for overtime pay but are eligible for ASD Foundation benefits defined by a signed letter of agreement and are hired and appointed by the ASD Foundation board of directors.
- Salary non-exempt – Salaried employees who are not eligible for overtime pay but are eligible for ASD Foundation benefits defined by a signed letter of agreement. The CEO can hire the employee; however, the board of directors must approve the hiring before the employee can start.
- Hourly non-exempt – Leadership pays part-time employees on an hourly base (1-20 per week) and provides minimal or no benefits. Leadership pays full-time employees on an hourly basis (21-40 per week), are eligible for overtime pay for any hours worked over 40 hours per week, and are eligible for ASD Foundation benefits. The CEO can hire without board approval.
- Contractual – Employees who are hired to work on an hourly basis, for up to 40 hours per week, who do not receive benefits, except Holiday pay to be

commensurate with weekly scheduled hours, and are hired by the ASD Foundation CEO.

*Referrals.* Leadership also see employees as a valuable source of referrals and encourage employees to refer applicants for available positions. If the referred applicant meets criteria, is interviewed, hired, and completes a probationary period, the referring employee is eligible for a referral bonus. However, the referral bonus to the employee only applies when the referred employee is a full-time employee.

***Workplace health, security, and accessibility.*** ASD Foundation senior leadership believe in a healthy workforce. The leadership has policies for a drug-free, alcohol-free, and nonsmoking workplace. In compliance to the Drug-Free Workplace Act of 1988, leadership instituted a Drug-Free and Alcohol-Free Workplace Policy. The foundation's leader's purpose in implementing this policy was to provide a drug-free and alcohol-free workplace to ensure a safe, healthy, and productive work environment for all employees. Provided under local county statute and to protect the health and safety of all employees, leaders prohibit smoking within the confines of the office building or other office space used for foundation business. Leaders abide by equal employment opportunity law when hiring employees. Leaders do not condone or excuse harassment of any kind, including discriminating against or harassing their colleagues based on gender, sexual preference, religion, mental or physical impairment, age, race, marital status, creed, color, or national origin. When returning to work from a serious illness, leadership reserves the right to have any employee certify oneself for fitness for duty at any time.

*Workforce benefits and policies.* ASD Foundation leadership provides employees benefits including a Savings Incentive Match Plan for Employees (SIMPLE) Individual Retirement Account (IRA), healthcare insurance reimbursement, and leave. First, the SIMPLE IRA plan provides small employers with a simplified method to contribute toward their employees' and their retirement savings (Internal Revenue Service, 2018e). Employees may enroll and participate in the SIMPLE IRA plan if they receive at least \$5,000 in annual compensation. The foundation will also contribute up to 3% of the employee's salary into the employee's SIMPLE IRA account, provided to three conditions. These conditions include: (a) one year of employment for non-contractual employees, (b) at least \$5,000 in compensation during any calendar year preceding the starting calendar year, and (c) employees must receive at least \$5,000 in compensation for the current calendar year. In addition to the employee retirement plan, ASD Foundation senior leadership instituted a deferred compensation for one of the founders under section 457(b) of the IRC. Leadership and founder make monthly contributions. Employees invest in the foundation's name and, accordingly, the foundation incurs a deferred compensation liability recorded in the foundation's financial statements.

Second, ASD Foundation leadership offers a healthcare insurance program through United Health Care, managed through Avery Hall Benefit Solutions. Leadership covers 70% of the premium. Third, ASD Foundation leadership offers vacation leave; personal leave; sick leave; and leave for jury duty, military training, bereavement, voting, school visitation; extended medical leave; and leave without pay. The CEO also authorizes liberal leave in the event of special environmental circumstances, local, state

and or national emergencies, and use of vacation or personal leave without requiring prior CEO authorization. Employees accrue vacation and personal and sick leave on the first day of employment and leadership credits the leave on the employee's yearly anniversary date. Table 14 provides an overview of the vacation, personal, and sick leave benefit based on the type of employee and length of service. Along with the vacation and personal and sick leave, foundation leadership offers holiday leave and pay based on the type of hourly employee.

Table 14

*ASD Foundation's Vacation, Personal, and Sick Leave Benefits*

Leave benefit for less than and up to a 20-hour employee			
Length of service	Vacation	Personal	Sick
0-2 months	N/A	N/A	N/A
3-6 months	N/A	N/A	N/A
7-11 months	N/A	N/A	N/A
0-11 months	N/A	8 hours	N/A
1-3 years	N/A	8 hours	N/A
4-5 years	N/A	8 hours	N/A
6 years onward	N/A	8 hours	N/A
Leave benefit for a 20- to 31-hour employee			
Length of service	Vacation	Personal	Sick
0-2 months	N/A	N/A	May use personal leave
3-6 months	N/A	N/A	May use personal leave
7-11 months	N/A	N/A	22 hours
0-11 months	N/A	29 hours	N/A
1-3 years	48 hours	29 hours	29 hours
4-5 years	72 hours	29 hours	29 hours
6 years onward	96 hours	29 hours	29 hours
Leave benefit for a 32-hour employee			
Length of service	Vacation	Personal	Sick
0-2 months	N/A	N/A	May use personal leave
3-6 months	N/A	N/A	10 hours
7-11 months	32 hours	N/A	29 hours
0-11 months	N/A	38 hours	N/A
1-3 years	64 hours	38 hours	38 hours
4-5 years	96 hours	38 hours	38 hours
6 years onward	128 hours	38 hours	38 hours
Leave benefit for a 40-hour employee			
Length of service	Vacation	Personal	Sick
0-2 months	N/A	N/A	May use personal leave
3-6 months	N/A	N/A	12 hours
7-11 months	40 hours	N/A	36 hours
0-11 months	N/A	48 hours	N/A
1-3 years	80 hours	48 hours	48 hours
4-5 years	120 hours	48 hours	48 hours
6 years onward	160 hours	48 hours	48 hours



*New office or different office configuration.* The lease expires in January 2019, thus requiring leadership to stay at the present location or relocate. In 2018, ASD foundation leadership started researching the possible courses of action, either finding a new location or working with their present landlord to make the office a better working environment. The new location will allow ASD Foundation leadership and staff to grow in size, allow for an environment of collaboration, and allow for private and open meeting space; all to better achieve the foundation's mission. Leadership decided to stay at their present office location based on negotiations with, and approval by, the building landlord to allow the foundation leadership to configure the office space for an improved working environment.

**Workforce engagement.** How do ASD Foundation leaders engage the workforce to achieve a high-performance work environment? ASD Foundation is a small NPO which includes 14 full-time and part-time employees plus the board of directors. All the employees work in the office, except for a senior leader that might work off-site. Weekly, all employees that are in the office attend the weekly staff meeting. Each employee provides an update of what they are performing regards to the strategic management policy tasks that normally includes three or more discussion points. Longer term employees normally perform the day-to-day processes without documenting the specific process. The key drivers of the ASD Foundation workforce are the personal passion for providing critical incident stress skills and nurturing the CISM culture. The core workforce is part- and full-time employees, with volunteers, on average of 75 volunteers, that assist the foundation leadership and staff during the biennial worldwide forum.

## **Operations**

**Work processes.** How do the ASD Foundation leadership and staff design, manage, and improve their key products, services, and work processes? Many of the leaders have been with the foundation for several years and understand the importance of taking care of the heroes, the first responders, and military veterans. Each of the department managers and coordinators is empowered to complete tasks contained within the 2016-2018 Strategic Management Plan, a plan that both leadership and staff worked on collaboratively in developing tasks to complete within the next three years to fulfill the foundation's mission. However, there is little evidence that department leaders develop department-level action plans based on (a) the tasks with the 2016-2018 Strategic Management Plan and (b) periodic feedback from CISM-related customers. The growth and acceptance of CISM are evident in much of the increased work of the foundation staff. Leaders and staff listen to customers to know where they can improve community impact, and increase the foundation's ability to meet or exceed customer requirements and expectations. Listening to customers come in the form of electronic- and paper-based student course evaluations from online or resident customers, approved instructor evaluations, personal experiences of the faculty, testimonials, emails and comments submitted to the foundation, comments from attendees at the biennial worldwide forum, comments and observations from attending conferences, trade shows, and symposiums like the (a) International Association of Chiefs of Police conference, (b) Security Professionals conference, or (c) Crisis Intervention Team conference, and researching disaster trends from the field. Leadership and staff do not just attend the conferences, but

they might establish a booth or present at the conference. Since 2015, leadership and staff have increased attendance and participation at conferences and trade shows from one in 2015 to four in 2018. While tending to a booth at the 2018 Crisis Intervention Team conference, the common question the staff received was “where have you been?” For the course evaluations, leaders and staff use the Likert-type scale of one to five, with five being exceptional. Leadership will directly address evaluations that include a two (poor) and below rating.

In 2017, leadership invested in Cvent registration software allowing the staff to track and send follow-up and marketing emails to former and current attendees to conferences and courses to gain valuable feedback. Additionally, use of the Cvent software allows leaders and staff to not only register customers but allows for check-in, badge printing, and payment processing. Because of the inclusion of the customer’s email address, foundation staff can also send the biweekly *CISM Wisdom* and provide notices of ASD Foundation updates. All this feedback provides the foundation’s leaders and staff to understand further how best to nurture the field of CISM.

Nurturing the field of CISM includes working with partner and like-minded organizations. Like-minded organizations include the Maryland Institute for Emergency Medical Services Systems, the Global Security Exchange, the Public Safety Peer Support Association, the Social Workers Across Borders, and the National Volunteer Organizations Active in Disaster. Working with these types of organizations provide the foundation with a potential to further build education and training programs. For

example, the foundation leadership worked with the Social Workers Across Borders to bring AIP courses into China.

**Operational effectiveness.** Operational effectiveness pertains to the foundation's leader's assurance of effective management. Key areas include efficiency and effectiveness, management of information systems, and safety and emergency preparedness.

*Efficiency and effectiveness.* As I covered earlier, ASD Foundation department directors take the guidance and tasks within the 2016-2018 Strategic Management Plan, acting as a strategic action plan, and execute the tasks. However, in most cases, department managers do not develop individual department-level action plans. During the weekly staff meeting, the CEO and department directors discuss progress in each completion of the tasks. In some cases, department managers develop plans to execute the tasks. Within the education and training area—a key and critical area for the foundation—leadership conducts additional communications with staff within the week to further shape implementation of the tasks. When completing a task requiring funding of any type or is a strategic-level task, for example, the biennial worldwide forum, the CEO makes the final decision. Department directors and coordinators use the tasks contained in the 2016-2018 Strategic Management Plan to execute the foundation's mission further.

*Management of information systems.* ASD Foundation leadership contract their Internet and website hosting. Internet access is through an internet service provider. The main interface for the foundation to their stakeholders—their organizational website—is

maintained offsite. The contracted company ensures reliability, security, and cybersecurity, and has backup and business continuity procedures in case of a natural or man-made disaster.

*Reliability, security, and cybersecurity.* The contracted web service company uses a well-known and reputable company to host the ASD Foundation's website. The hosting company staff uses solid-state drives which make the website faster, as well as, the latest version of PHP 7.X to ensure there are little to no backdoors available for hackers. PHP, or hypertext preprocessor, is an open source, server-side scripting language used for the development of web applications. The web hosting company's system administrators constantly update the website with the newest versions of plugins and premium themes. The servers used for the website are also auto-healing, meaning that the system administrators can resolve most of the issues within the server with just some simple restarts. There are dedicated firewalls as well as regular patching done to each server to ensure security and avoids vulnerabilities. Additionally, the website uses the secure sockets layer (SSL) security technology to ensure all transmitted data between the web server and browser remains encrypted.

*Safety and emergency preparedness.* The foundation is not an organization that manufactures or produces products, but a customer-focused service organization. However, according to the Occupational Safety and Health Administration (n.d.-b), NPOs with one or more employees are not exempt from the Williams-Steiger Act. The basic purpose of the Williams-Steiger Act was to improve working environments in the sense that they impair, or could impair, the lives and health of employees (Occupational

Safety and Health Administration, n.d.-b). The Williams-Steiger Occupational Safety and Health Act of 1970 requires, in part, that every employer covered under the Act furnish to employees of the organization (a) employment and (b) a place of employment which are free from recognized hazards that are causing or are likely to cause death or serious physical harm to his employees (Occupational Safety and Health Administration, n.d.-a). ASD Foundation CEO ensures that the employees understand the policies contained in the employee handbook, two specific sections provide for a safe working environment: workplace practices and building procedures and etiquette. Under the workplace practices sections, leadership included hours of work, time schedules, fitness for duty, drug-free and alcohol-free workplace, smoking, equal employment opportunity, harassment, and conflicts of interest. In the building procedures and etiquette section, leadership included employee safety concerns, emergency procedures, power outages, security procedures, and building etiquette.

### **Measurement, Analysis, and Knowledge Management**

Organizational leaders and staff need various data and information to effectively analyze, measure, and improve their organization's performance (Baldrige Performance Excellence Framework, 2017a). Organizational leaders need to instill processes to promote knowledge sharing, creation, and utilization (Granados, Mohamed, & Hlupic, 2017). Measurement, analysis, and knowledge management include two categories (a) measurement, analysis, and improvement of organizational performance and (b) information and knowledge management (Baldrige Performance Excellence Framework, 2017a).

**Measurement, analysis, and improvement of organizational performance.**

Leaders should use organizational performance analysis results to inform their strategy development and implementation processes (Baldrige Performance Excellence Framework, 2017a). Although the ASD Foundation is a nonprofit organization, leadership and staff stated that the foundation is a unique organization performing a unique mission. There are no like organizations that the leadership and staff can relate or compare with to see how well they were doing. ASD Foundation leaders and staff also use their customer engagements at the Regional Training, biennial worldwide forum, Approved Instructor Program, Speakers Bureau, online training through feedback, special events (e.g., *Riding with The Heroes*), and attendance at conferences and symposiums to further to gauge various products or services while executing the foundation's mission.

Before purchasing Google AdWords and Google Analytics licenses, QuickBooks, Subscription DNA, Cvent, and Kindful software, leadership and directors measured their success based on the number of courses offered, number of students attending the courses, returning attendees to the biennial worldwide forum, number of members, and number of donors. During the weekly CEO staff meetings and weekly Director of Training and Education discussions, leaders and staff discuss the status of their efforts towards executing the foundation's mission, including finding ways to make work easier and to gauge completion and success. Although senior leadership included an increased use of information technology (IT) in the previous two strategic plans, evidence shows that the increased use of modern IT applications like Google Analytics, Google AdWords, QuickBooks, Subscription DNA, Cvent, and Kindful software in 2017 and

2018 have provided leadership and staff valuable information about how successful they are doing in completing their specific tasks. While leadership and staff still use those KPIs, staff receive reports specific to their departments that provide detailed information based on their department.

*Google analytics.* ASD Foundation leadership uses dashboard graphics to further look at the foundation's website use. I present two examples of charts used that the staff provided to the CEO. Figure 8 provides a snapshot over time, in this case from January to October 2018, of how an individual acquires the foundation's website. An organic search, the primary means to find the website, is when someone searches for the foundation by searching through a search engine (e.g., Google, Bing). Direct is when someone goes directly to the foundation's website. A referral acquisition is when someone searches for the foundation by clicking on a link to their site through another website (e.g., UMBC Training Centers). A paid search acquisition is when someone visits the foundation's website by clicking on a paid advertisement (e.g., Google AdWords). The email acquisition is when someone visits the foundation's website by clicking on a link in an email. Lastly, social acquisition is when someone visits the foundation's website via social media (Facebook, Twitter, LinkedIn, and Google Plus).



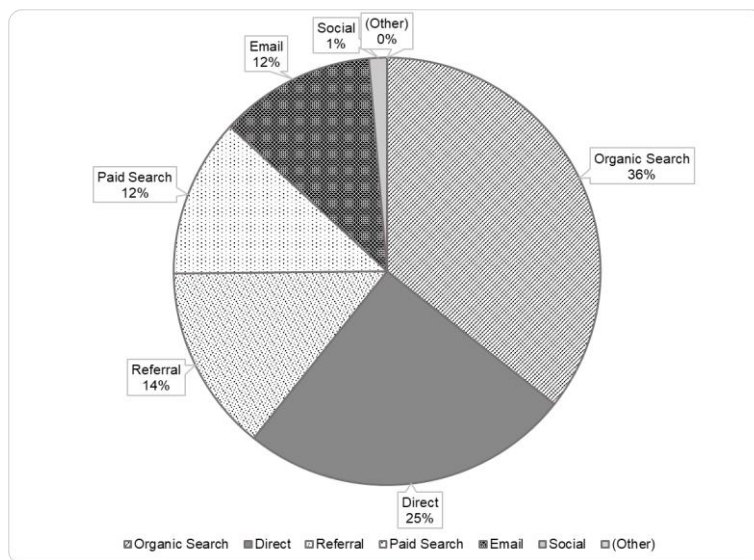


Figure 8. ASD Foundation's website acquisition overview (January-October 2018).

Figure 9 provides the unique page views to the foundation's website and then internal page views within the foundation's webpages from January to October 2018.

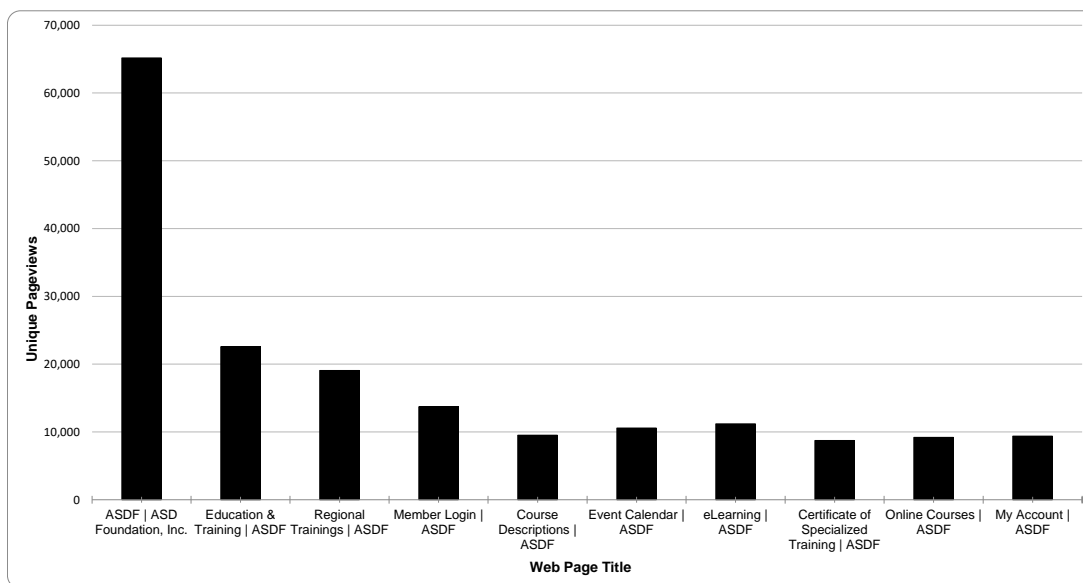


Figure 9. ASD Foundation's website and web pages unique views (January-October 2018).

**Information and knowledge management.** Information management is the application of management techniques to collect information, process that information allowing leaders to make faster and better-informed decisions, and communicating that information and applicable decisions internally and externally of the organization (Information Management, 2018). Granados et al. (2017) categorized knowledge as (a) organizational (business, experience, reputation, ethos and values, and vision); (b) relational (understanding of community needs, community history, and cultural understanding); (c) contextual (database, policies, legislation, and funding); and (d) operational (records of services and products, client satisfaction, client's demographics, and business plans). Inkinen (2016) defined knowledge management as the deliberate organizational leadership's practices intended to achieve organizational goals through their efficient and effective management of the firm's knowledge resources.

**Data and information.** Leadership specifically called out improving information dissemination as the second goal stated in the 2016-2018 Strategic Management Plan. As part of the second goal, the movement to the cloud and changing from Outlook to Google email were identified tasks within the plan. In fulfilling the tasks in the plan, ASD Foundation leadership and staff committed to updating and upgrading the foundation's IT capability. In 2016, ASD Foundation started to move much of their foundation's technology to the cloud, using Google Drive for nonfinancial and nonpersonally identifiable information data and Google mail. Google Drive has allowed ASD Foundation leaders and staff to access their work anywhere and anytime using a computer or mobile phone. Financial, specific foundation requiring additional security,

and the personally identifiable information is maintained on locally on department manager's foundation computers. Moving storage to Google Drive has provided ASD Foundation leaders and staff to further openly share information among the leadership and staff without requiring to email back and forth information constantly. In 2018, staff and leadership upgraded and moved a key relational database application that staff use to maintain Approved Instructor Program data, FileMaker, to an offsite server, allowing multiple staff to use the program simultaneously while accessing the program remotely.

Additionally, in 2018, leadership invested in using the online donor management program Kindful. The Kindful program provides the capability for leadership and staff to manage donorship and run various historical reports. Leadership and staff are using the Kindful program to establish several opportunities for individuals to donate to the foundation. Donors now can donate online to the foundation's scholarship programs, *Giving Tuesday* (the Tuesday after Thanksgiving), and *End of The Year Giving* under a general donation page. The foundation leadership also has established four different ASD Foundation campaign pages where individuals can create their own customized fundraising page or have teams in their community: *To Support ASDF*; *Help Save The Heroes*; *Run, Walk, and Bike for a Cause*; *Fundraise for your CISM Team*; *Giving Tuesday*; and *End of The Year Giving*. Individuals can also use *Text-To-Give* to support the foundation. Kindful also provides the foundation leadership the capability to automate corporate sponsorships. Foundation leaders and staff now have a corporate sponsorship program with various levels as part of the 15th Biennial Worldwide Forum. Table 15 provides an overview of the corporate sponsorship levels for the worldwide forum.

Table 15

*15th Biennial Worldwide Forum Corporate Sponsorship Levels*

General sponsorship opportunities	
Level	Amount of donation
Exploring sponsor	\$500
Embracing sponsor	\$1,500
Expanding sponsor	\$2,500
Specific sponsorship opportunities	
Forum-specific	Amount of donation
Welcome reception	\$4,000
Coffee breaks	\$2,000
Conference bags	\$2,500
Lanyards	\$2,500

**Organizational knowledge.** In 2015, the staff of the International Organization for Standardization (ISO) released ISO 9001 (known as ISO 9001:2015) which included a significant section on organizational knowledge (International Organization for Standardization, 2015). Although coming from a quality standard view versus a knowledge management view, ISO 9001:2015 provides a key connection between quality and goods and services. Organizational knowledge refers to (a) knowledge specific to the organization that is normally gained by experience and is shared to achieve the organization's objectives, and (b) is based on internal and external sources. Further, leaders and staff need to determine and manage the maintained organizational knowledge, to ensure that the processes and procedures they perform then conform to the organization's products and services (International Organization for Standardization, 2015).

Many employees have extensive organizational knowledge because of their length of time associated with the foundation. Many employees some having seen the effects of critical incident stress on their families and friends. Additionally, many board members have been associated with the foundation for several years and have personal backgrounds commensurate to the foundation's mission. As such, they contain intellectual knowledge of CISM, education, licensed clinical social work, and counseling. Organizational knowledge expands beyond the core organizational leadership and staff and includes approved and certified instructors and CISM team members providing CIS peer support. Many, if not all the foundation's products and services provide organizational knowledge to the attendees at the Regional Training events, online training events, biennial worldwide forum, advanced instructor candidate program, and Speakers Bureau events.

***Best practices.*** ASD Foundation leaders and staff follow various nonprofit organization best practices. ASD Foundation is a member of the Maryland Volunteer Organizations Active in Disaster and Maryland Nonprofits and uses various best practices from each of the organizations. Also, leaders and staff use the National Council of Nonprofits (2018b, 2018c) and Maryland Nonprofits (2018) best practices in governance and policies. Additionally, ASD Foundation leaders and staff follow accounting principles generally accepted in the United States of America and specific IRS nonprofit best practices.

***Organizational learning.*** How do the foundation's leaders and staff use their knowledge and resources to embed learning in the foundation's operations? Senior

leadership established the five goals and supporting 22 tactical strategies with the 2016-2018 Strategic Management Plan that emphasized operational learning. For example, to meet the goals of (a) improve information dissemination and (b) create updated and improved educational programs, leaders and staff needed to research and learn social media and updated webpage technology and big data analytics like Google Analytics. All employees, regardless of being a leader or staff, looked at the most effective strategies, tactics, actions, and tasks to best achieve the mission and thus contribute positively to the foundation's vision.

### **Collection, Analysis, and Preparation of Results**

#### **Product and Process Results**

ASD Foundation is a U.S. Internal Revenue Service registered 501(c)(3) nonprofit organization, which is not a private foundation under Section 509(a)(1), with Special Consultative Status with the ECOSOC since 1997 (United Nations Economic and Social Council, 2016). ASD Foundation leaders and staff offer a wide range of products and services that provide preincident education to address the mental health concerns of responders to disaster and crises. Leaders and staff focus the foundation's product offerings—categorized as education and training and outreach and consultation—in helping the first responder. ASD Foundation provides traditional classroom and e-learning courses on critical incident stress for individuals and CISM teams, the intellectual capital about critical incident stress, foundation support to CISM teams, full and partial scholarships for first responders to take critical incident stress training, and a worldwide forum to address crisis and stress. The worldwide forum's focus is not only

focused on first responders, but includes research and innovations, emergency services and public safety, military and veterans, corporate and industry, community crisis care, disaster response, healthcare, and team development and care.

The ASD Foundation core organizational structure includes only 14 employees and nine board members. The foundation leadership and staff rely on the trained and certified instructors to provide CISM training to first responders and peer members to first responders in 54 courses. With the help of the trained and certified instructors, Regional Training, Speakers Bureau, Advance Instructor Candidate Program instruction, and Online Training have increased over the past five years.

**Work process effectiveness results.** Although the 2016-2018 Strategic Management Plan provides overall tasks to complete, staff within each department work tasks within the department and often do actions that are not fully coordinated or synchronized to maximize effectiveness. Coordination may occur across departments. An example includes directors asking for Google Analytics, Cvent, and Kindful data to support developing additional services or products or develop marketing products.

In 2017, foundation staff applied to and received an Emergency Response and Safety Grant in the amount of \$5,000 from BGE. The leadership utilized the \$5,000 grant to provide an instance each of the courses (a) Advanced Group Crisis Intervention, (b) Building Skills for Crisis Intervention, and (c) Techniques for Delivering Bad News for Crisis Response Personnel. A total of 105 students participated in the three courses. Foundation leaders and staff are researching additional grants to apply to and, when

approved, would use the grant funds to fund additional courses or provide scholarships to students.

### **Customer Results**

Foundation senior leadership stated that the appeal to help people who suffer from exposure to critical incidents goes well beyond that simply wanting to help. Further, senior leadership stated that seeing or knowing someone that has experienced the effects of a critical incident, the foundation's mission might, as the idiom states, get under your skin, into your blood, and captures your heart. Foundation leadership has seen an increase in peer supporters—a new generation of peer supporters and CISM advocates—through social media; website visits; attendance in training, whether in-person and online; book purchases; CISM team memberships; CISM certifications; and increased instructors. Table 16 provides an overview of registered attendees for the previous eight biennial worldwide forums and attendees for the periods of 2013 to 2018 for regional training events and speakers bureaus.



Table 16

*Number of Attendees at Biennial Worldwide Forum, Regional Training Events, and Speakers Bureau (2003-2018)*

Biennial Worldwide Forum registered attendees (2003-2017)		
Year	Number of attendees	
2003	1,072	↓ Not Good
2005	1,014	
2007	862	
2009	743	
2011	748	
2013	685	
2015	635	
2017	511	
Regional training event attendees (2013-2018)		
Year	Number of attendees	
2013	695	↓ Good
2014	667	
2015	519	
2016	581	
2017	696	
2018	803 *	
Speakers Bureau attendees (2013-2018)		
Year (events)	Number of attendees	
2013 (34)	1,104 **	↓ Good
2014 (31)	1,401 **	
2015 (26)	1,131 **	
2016 (42)	1,033	
2017 (52)	1,450	
2018 (40*)	1,037 *	

\*Through 10/25/2018. \*\*The number of attendees is an estimate based on the average of the numbers the foundation staff have readily available.

**Customer satisfaction.** ASD Foundation trained and certified instructors use a questionnaire to gain feedback on the course and the instructor. The foundation leaders and staff developed the course evaluations using the Likert-type scale of one to five, with

five being exceptional. Leadership will directly address evaluations that include a two (poor) and below rating. The average scores the foundation leadership receive from the instructors is over 4 out of 5. Leadership and staff are seeing an increase in attendance and number of offered courses and increased membership because of increased demand and increased knowledge of courses. I show an increase in the financial results section.

**Increase in social media followership.** According to leadership, followers of the foundation's Facebook and LinkedIn social media sites have increased during the past several months. Facebook followers increased by over 1,000 to nearly 5,000 and the foundation's LinkedIn site includes over 500 professional followers. However, only 38 of followers provided feedback through providing an overall rating of 5.0 out of 5.0. *CISM Wisdom* recipients have grown to over 20,000.

**Increase in legislation that protects CISM use.** Since the creation of the foundation, and in several cases with the help of foundation leadership and cofounders, the United Nations, United States, and several states recognized the importance of critical incident stress debriefing and management. The United Nations created the Critical Incident Stress Management Unit to coordinate critical incident stress prevention and management activities throughout the United Nations system (United Nations Security Management System, 2010). Foundation leaders can illustrate the foundation's effectiveness through the increase of state laws defining CISM and providing protection for CISM teams members. In many cases the efforts of the foundation leadership and CISM teams, protection of CISM teams increased. According to the Utah Law Enforcement and Criminal Justice Interim Committee (2017), 22 states included critical

incident stress management services. For example, under Texas health and safety code, 9 Texas Statute, Chapter 784, critical response service, critical incident stress, critical incident stress management service, emergency response team member, and emergency service provider are all defined and discussed in the use of CISM and the protections of the individuals providing help to critical incident stress (Critical Incident Stress Management and Crisis Response Services Act, 2011). In another example, the Nebraska Legislature enacted the Critical Incident Stress Management Act identifying that emergency service personnel were placed in situations that might cause critical incident stress and established a critical incident stress management program within the state (Critical Incident Stress Management Act, §§ 71-7101-7113). In 2016, the Michigan governor signed into law Public Act 40 which defined CISM and key components and then outlined the confidentiality provisions (Public Law 40 of 2016). In 2015 and 2017, the U.S. Department of Health and Human Services' Substance Abuse and Mental Health Services Administration (SAMHSA)—the U.S. agency that leads public health efforts to advance the behavioral health of the United States—listed the Critical Incident Stress Debriefing (CISD) as *evidence-based*. Evidence-based practice is a disciplined approach to decision-making and action and includes goals to improve the results of professional decisions and increase the use of practices that lead to desired outcomes while eliminating dysfunctional practices (Rousseau & Gunia, 2016).

### **Workforce Results**

According to senior leadership, the interest for CISM grows daily, requiring the leadership and staff to look for innovative ways to help people who suffer from exposure

to critical incidents, creating programs to respond, and treating and addressing such issues that may go beyond merely wanting to help. The foundation's workforce has the capability to meet the increased need but may not have the capacity. Workforce capability is the organization's leadership's and staff's ability to accomplish the organization's work processes (Baldrige Performance Excellence Framework, 2017a). Workforce capacity is the leadership's ability to ensure enough staffing levels to accomplish the tasks (Baldrige Performance Excellence Framework, 2017a). The foundation's core employees are becoming extended, thus a need to reevaluate staffing needs.

Foundation directors and staff use the tasks within the 2016-2018 Strategic Management Plan as an action plan and execute the contained tasks to achieve the foundation's goals and mission. Directors and staff meet with the CEO during the weekly staff meeting and provide updates to the CEO and the rest of the staff. Leaders and staff also interact with CISM teams and approved instructors to ensure the staff provides the needed assistance while ensuring the students receive the required CISM instruction.

### **Leadership and Governance Results**

Organizational leaders use various measures or indicators to gauge workforce and customer engagement, governance accountability, law and regulation, ethical behavior, societal responsibility fulfillment, organizational strategy and actions plans (Baldrige Performance Excellence Framework, 2017a).

**Leadership.** The ASD Foundation's senior leaders lead the organization through the development and implementation of the 2016-2018 Strategic Management Plan and

key financial, student attendance, emerging data analytical information, and feedback from the students and ASDF-trained instructors. Leaders and staff continue to work through the stated tasks within the strategic management plan. The CEO is readily available to the directors and staff on a daily basis and engages with all employees as needed daily. Leadership conducts daily, weekly, and periodic status checks of the progress of task completion, conducted face-to-face and telephonically. A key status check occurs at the weekly staff meeting which includes every employee. Leadership also encourages employees at all levels to take initiatives to promote and help nurture CISM.

The CEO, the two cofounders, and the director of education and training meet monthly through the founders' meeting to discuss ASD Foundation issues in an open dialogue of information exchange. The CEO and director of education and training provide updates of the foundation's activities and the cofounders provide specific critical incident stress management information and recommendations for potential improvement or change. Additionally, the CEO also provides a periodic update to the chairman of the board. Because the entire board meets quarterly, the periodic update provides a quicker dialogue between the two leaders that might require immediate or faster approvals.

**Governance, law and regulations, and ethics.** ASD Foundation senior leaders develop the foundation's by-laws, including amendments to the by-laws, according to state corporation law. Senior leaders use the by-laws as the foundation's internal operating laws. The foundation's leadership abides by the stated by-laws in governing the foundation's activities. The board provides the overall direction for the management of the foundation's business and affairs. The board meets at a minimum of once a year;

however, they currently quarterly. The president, or by a majority of board members, may call for special meetings throughout the year. The board may appoint among the board members, an executive committee, and other committees to serve at the pleasure of the board.

Additionally, the board may appoint an advisory board from the corporation's associate members. Associate members may include allied emergency services professions and related crisis-related crisis response professions, career or volunteer, and students in professions above. The board hires the CEO, executive director, or both. The CEO supervises and controls all of the business affairs of the foundation and is responsible for implementing the policies of the foundation. The board also authorized the CEO with fiduciary responsibilities. The board hires the executive director to perform duties authorized by the CEO or the board.

ASD Foundation's CEO must disclose financial information and adhere to tax requirements typical of all 501(c)(3) nonprofit organizations and file an IRS Form 990, Return of Organization Exempt from Income Tax, annually. In compliance with the IRC, board members, directors, and the CEO maintain independence, avoiding any conflicts of interest, and are required to review and sign the organization's conflict of interest policy annually. ASD Foundation's leaders and staff must abide by written policies that include bylaws and principles.

***Transparency.*** In October 2018, ASD Foundation staff updated the foundation's GuideStar input, qualifying the foundation to GuideStar's second-highest transparency award, Gold Seal of Transparency. Each level adds upon the previous requirements. A

GuideStar Seal of Transparency indicates the NPO leadership's commitment to providing key information in the organization's profile (GuideStar, 2018b). The recognition is not a GuideStar endorsement, but a measurement of transparency (GuideStar, 2018b). Table 17 provides the upward progression of the seal of transparency. The platinum level of transparency is a metrics-driven category that if leadership wants to move upward, they will need to establish additional metrics and those use metric measurements.

Table 18 shows the comparisons of the 56,029 Maryland NPOs that reported to GuideStar and provided the necessary transparency information to allow a researcher or potential stakeholder to review the NPO (GuideStar, 2018a).

***Maintain course accreditation.*** The ASD Foundation staff and associated instructors must maintain course accreditation with the University of Maryland Baltimore Campus (UMBC); NAADAC, the Association for Addiction Professionals; Employee Assistance Professional Association (EAPA); Association of Traumatic Stress Specialists (ATSS); International Employee Assistance Certification Commission; Association for Addiction Professionals (AAP); and The Trauma Institute (refer to Table 5).

Table 17

*GuideStar Progression of Seal of Transparency*

Platinum Seal of Transparency
<ul style="list-style-type: none"> <li>• Metrics-driven category.</li> <li>• Answers the question, “How does your organization measure progress and results?”</li> <li>• Organization leadership choices among standard metrics contained in a Common Results Catalog by subject area.</li> </ul>
Gold Seal of Transparency *
<ul style="list-style-type: none"> <li>• Issue – What is your organization aiming to accomplish?</li> <li>• Strategies – What are your strategies for making this happen?</li> <li>• Capabilities – What are your organization’s capabilities for doing this/</li> <li>• Indicators – How will your organization know if you are making progress?</li> <li>• Progress – What have you accomplished so far and what’s next?</li> </ul>
Silver Seal of Transparency
<ul style="list-style-type: none"> <li>• Financial Statements – Upload your latest audited financial statement.</li> <li>• Fiscal Year – What is the date range for the fiscal year covered in this section?</li> <li>• Revenue – What is your organization’s revenue?</li> <li>• Expenses – What are your organization’s expenses?</li> <li>• Assets &amp; Liabilities – What are your organization’s assets and liabilities?</li> <li>• Funding Sources – What are the three main sources of funding that support your organizations, and what is the amount received from each source?</li> </ul>
Bronze Seal of Transparency
<ul style="list-style-type: none"> <li>• Names and contacts</li> <li>• Addresses</li> <li>• Founding information</li> <li>• Donation information</li> <li>• Mission</li> <li>• Programs and map</li> <li>• Categorization (keywords and National Taxonomy of Exempt Entities codes)</li> <li>• Logo and website</li> <li>• Leadership and staff</li> <li>• Board members</li> </ul>

\*ASD Foundation’s GuideStar level of transparency.



Table 18

*Maryland NPOs That Meet GuideStar Seal of Transparency*

GuideStar Seal of Transparency level	Number	% that met Transparency Seal
Platinum	202	14.2%
Gold	318	22.3%
Silver	342	24%
Bronze	562	39.5%
Total reported data to meet GuideStar Seal of Transparency	1,424	2.5% of total NPOs reporting
Total number of Maryland NPOs reporting to GuideStar (2018a)	56,029	

*Note.* Based on a search of Maryland NPOs that reported to GuideStar that also provided data to meet GuideStar's Seal of Transparency.

### **Financial and Market Results**

Referring to the foundation's 2016-2018 Strategic Management Plan, the third goal leaders stipulated was to secure financial stability, expansion, and accountability. The goal comes after five years of the largest net losses that the foundation leadership incurred (2004, 2005, 2008, 2011, and 2012) within the previous 11 years (Figure 11). In 2012 and 2013, the leadership found the foundation in a financial crisis and on the cusp of defaulting with foundation financial liabilities within \$16,450 of the foundation's assets in 2012 and within \$18,850 in 2013. The foundation leaders and staff showed not only organizational resilience but financial resilience in returning the foundation to a state of growth. Since 2013 when a new chairman of the board and CEO came into the foundation, the foundation has shown increasing membership, net gains, higher liquidity, higher number of months of cash available for emergencies, increased operating margin, increased operating reliance, increased revenue, increased program service revenue,

lower administrative expenses, and an increased program service diversified portfolio. Because of the criticality of turning the foundation around financially, leadership focused their effort towards getting the foundation financially stable. In doing so, several of the internal organizational processes and policies were not the priority. Therefore, evidence of current written policies and procedures are non-existent.

**Financial performance.** I will present several measures of the ASD Foundation's financial performance, which span the period FY2008-2018, and one financial year dated 1998 to provide the historical trends. Because the purpose of this qualitative single-case study was to explore diversification strategies that NPO executives use to grow funding sources, I begin with ASD Foundation's revenue sources and then cover financial performance measures. As noted earlier, ASD Foundation's financial measures show increasing financial health and stability. In some figures, I projected 2018 performance measures based on budget performance through September 2018.

**Assets and liabilities.** Figure 10 shows the comparison of assets to liabilities of ASD Foundation from the period 1992 to 2017. The terrorist attacks of September 11, 2001, directly impacted the ASD Foundation. The foundation's mission before 2009 included providing educational program and outreach and consultation support for emergency services personnel experiencing critical incident stress from workplace trauma. The tragic events of September 11th provided a catalyst for ASD Foundation leadership. ASD Foundation leadership and staff provided CISM educational training and outreach and consultation support to first responders. Because of the CISM educational

training support, ASD Foundation leaders saw a three-fold increase in assets in 2002 and 2003 that started right after September 11th.

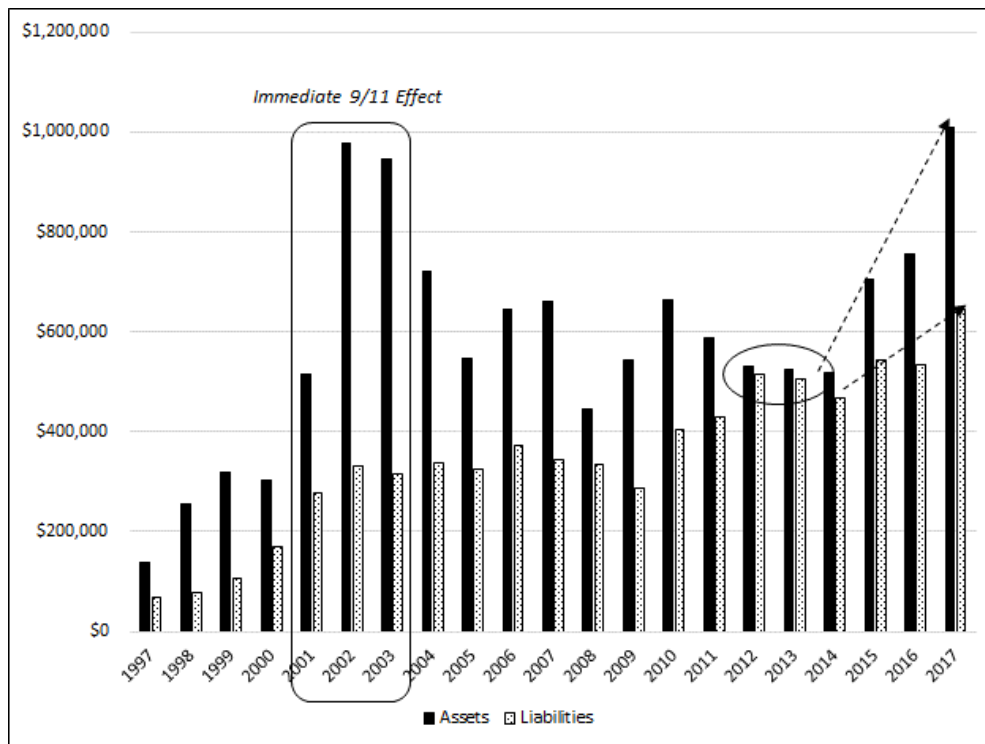


Figure 10. ASD Foundation's assets & liabilities (1997-2017).

However, the rapid increase in educational training needs came at a cost in 2003, 2004, 2005, 2008, 2011, and 2012 with large operational losses as shown in Figure 11. The foundation's assets shown in Figure 10 decreased because of those losses. In 2012 and 2013, the leadership found the foundation in a financial crisis and on the cusp of defaulting with liabilities within \$16,450 of the foundation's assets in 2012 and within \$18,850 in 2013. If the board of directors and CEO had not immediately addressed the problem, the foundation would become insolvent. In 2013, the ASD Foundation board of directors changed the operational leadership and brought in a new CEO from outside of the foundation. The new CEO provided a fresh view for the foundation, providing the

needed leadership, allowing increased revenue and services; reduced expenses, including leader salaries; and achieving the highest asset balance (refer to Figure 10) and the third highest net gain (refer to Figure 11) in the foundation's history in 2017.

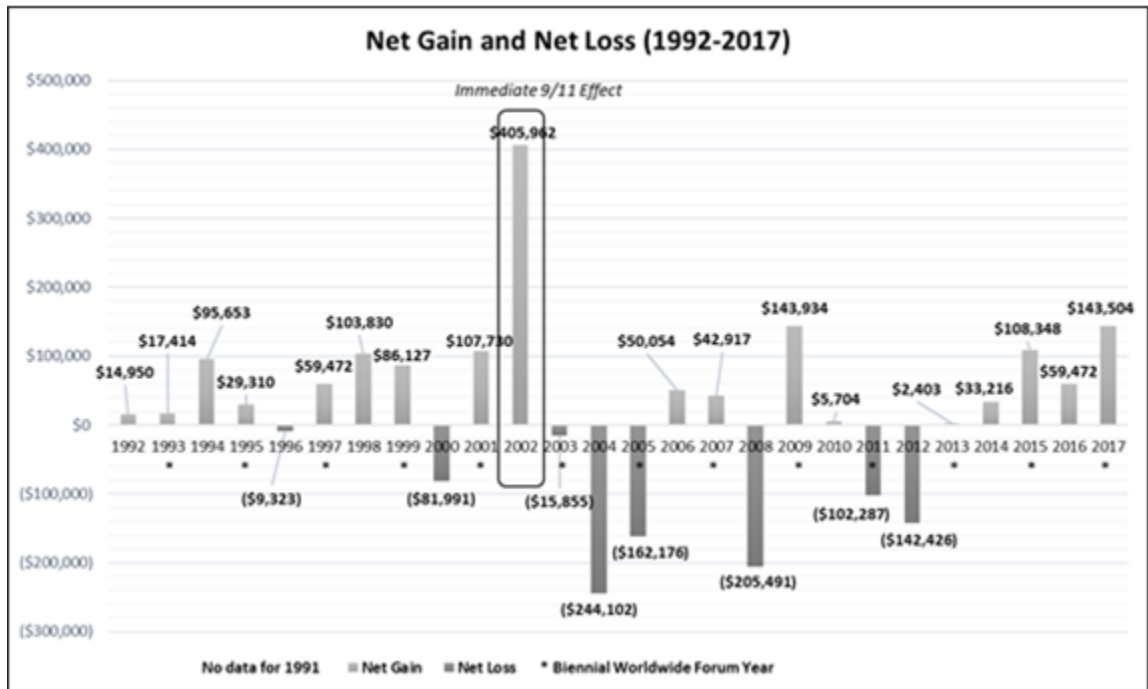


Figure 11. ASD Foundation's net gain and net loss (1992-2017).

**Revenue diversification.** Figure 12 provides the revenue diversification for ASD Foundation. As noted by Markowitz (1952), revenue diversification is an organization's leadership's strategy to diversify the revenue for the business to reduce revenue volatility. Further, a diversified revenue portfolio is a means to decrease the instability of one revenue source, creating greater organizational sustainability and efficiency (Besana & Esposito, 2015). Although the foundation's leaders used a diversified revenue portfolio for many years, leadership since 2013 has looked at increasing the diversification within the major revenue source of program service revenue. The ASD Foundation is a

customer-focused service organization, and as such, the foundation's primary revenue category is program service revenue, containing several sources of revenue.

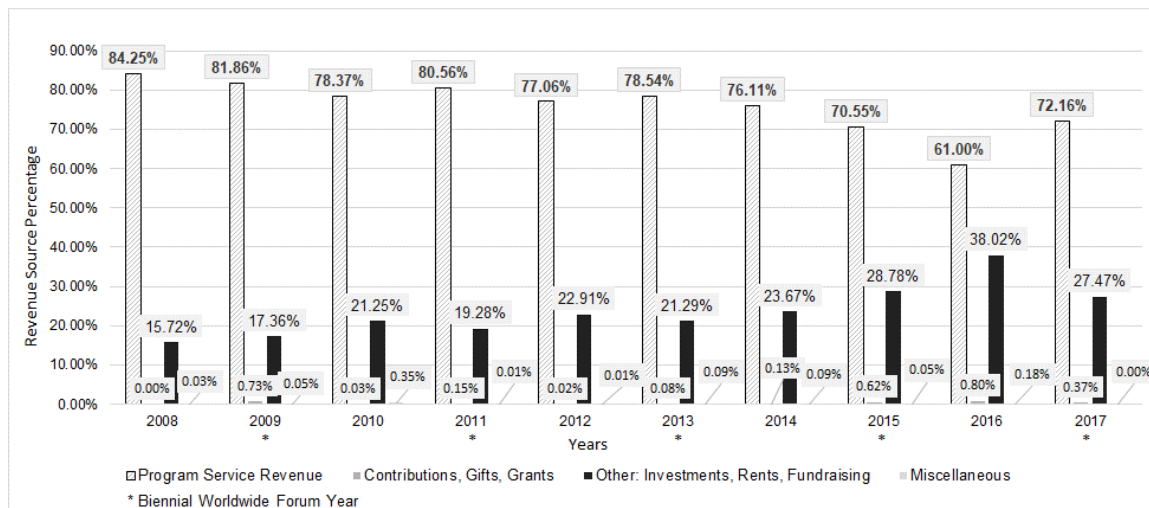


Figure 12. ASD Foundation's revenue diversification (2008-2017).

Since 2013, the CEO and leadership have increased the number of program service offerings and other income. As the leadership and staff increased services, the revenue portfolio became increasingly diversified. In 2014, the first full year after a new CEO, program services comprised roughly 76% of the total revenue, steadily decreasing in 2015 with 70% and 61% in 2016. In 2017, there was an increase to 72.16% with increased program services. Table 19 provides an overview of the diversified portfolios of the program service revenue and other revenue categories.

Table 19

*Overview of ASD Foundation's Diversified Portfolios*

Program service revenue	Other (investments, rents, and fundraising)
<ul style="list-style-type: none"> <li>• Regional training</li> <li>• Biennial Worldwide Forum</li> <li>• Advance Instructor Candidate Program (AICP) instruction</li> <li>• AIP materials and workbooks</li> <li>• Speakers Bureau</li> <li>• Membership Dues</li> <li>• Online training</li> <li>• Royalties</li> <li>• Cost application</li> <li>• Continuing Education Unit (CEU) income</li> </ul>	<ul style="list-style-type: none"> <li>• Net income from sales of inventory (Regional Training, Speakers Bureau)</li> <li>• Special Events income</li> <li>• Other income</li> </ul>

*Program service revenue.* As shown in Figure 12, program service revenue comprises over 75% of ASD Foundation's revenue over the past ten years. Table 19 provided the breakdown of the diversified sources within program service revenue. Figure 13 provides the program service revenue from 2008 to 2017. Based on feedback from training attendees, feedback from biennial worldwide forum attendees, feedback and observations from attending conferences, symposiums, or trade shows, and research of their operational environment, leaders and staff looked at different means to nurture the field of CISM. This feedback and research led leadership and staff to offer additional products and services, thus increasing the program service revenue diversification.

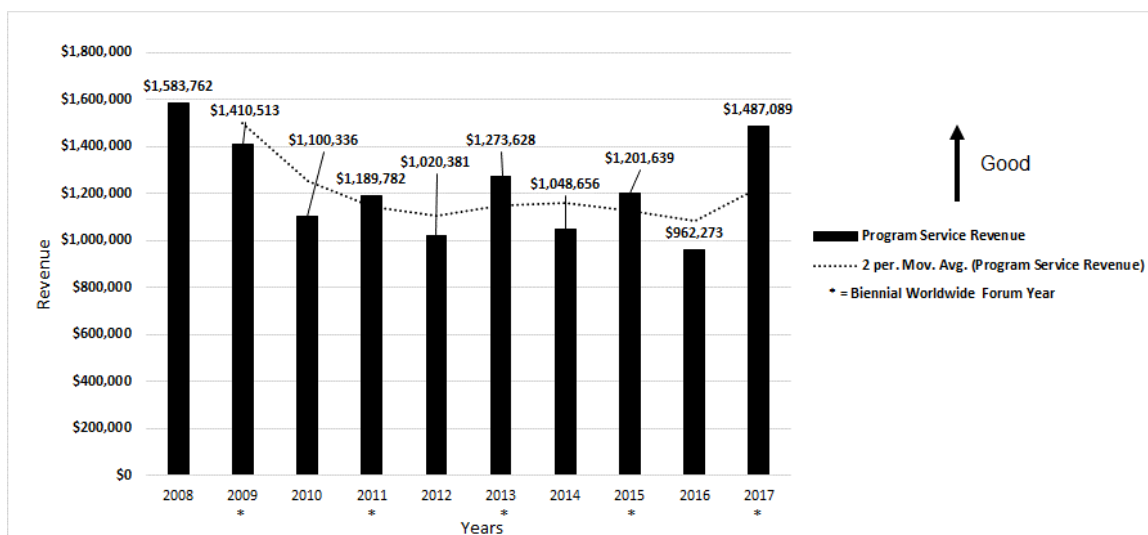


Figure 13. ASD Foundation's program service revenue (2008-2017).

*Regional conference training and biennial worldwide forum.* Figure 14 provides the conference income from 2009 to 2018 (projected). Within the financial statements, ASD Foundation leadership combines these two revenue streams into the Conference revenue category. The conference revenue stream is the largest revenue stream under the Program Service Revenue. In the years 2009, 2011, 2013, 2015, and 2017, I included the biennial worldwide forum. One of the concerns the CEO expressed was the decline in regional training students. In 2018, a non-biennial worldwide forum year, the attendance at the regional training appeared not only to stabilize but also dramatically increased. However, as regional training attendance increased, attendance at the biennial worldwide forum decreased (refer to Table 16), causing a decrease in revenue in 2015 with \$320,722 and \$252,085 in 2017. Figure 14 further reflects the worldwide forum portion of the annual conference revenue for the years 2015 and 2017.

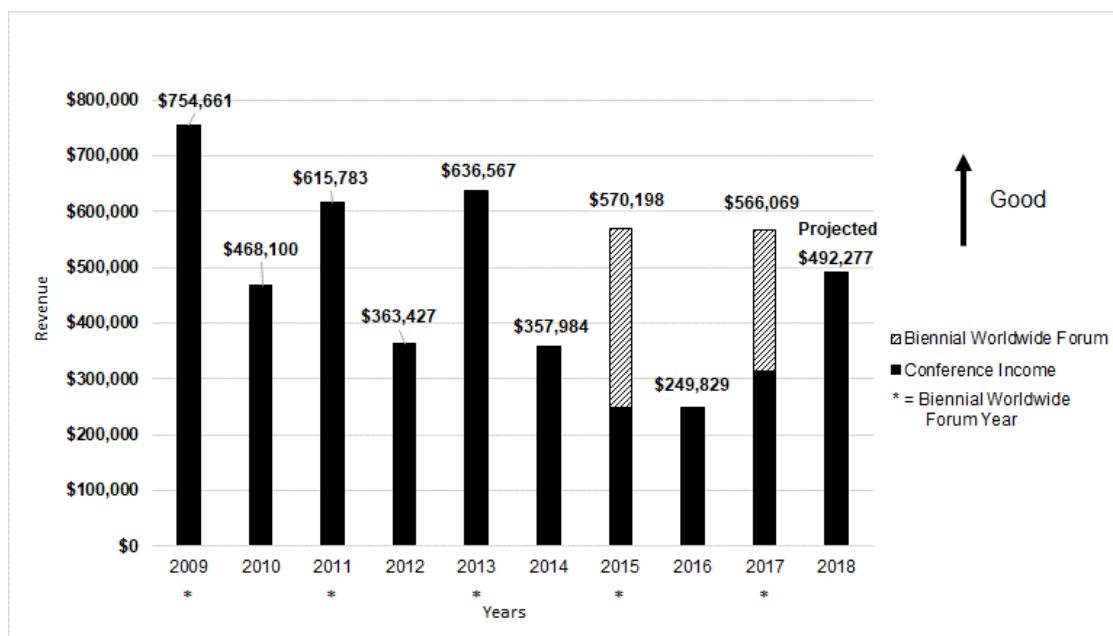


Figure 14. ASD Foundation's conference income (2009-projected 2018).

*Advanced Instructor Candidate Program (AICP)*. Before 2009, AICP was the Train the Trainer course. Just as the Train the Trainer program, AICP provides a relatively stable income for ASD Foundation leadership. Figure 15 provides the past ten years of revenue for the AICP Tuition Income. Leadership separated AICP total revenue into two categories (a) AICP tuition and (b) AIP materials and workbooks income. Leadership separated AICP total revenue into two categories (a) AICP tuition and (b) AIP materials and workbooks income. Because the foundation's CFO kept the two categories separated in the budget, I include each category separately.



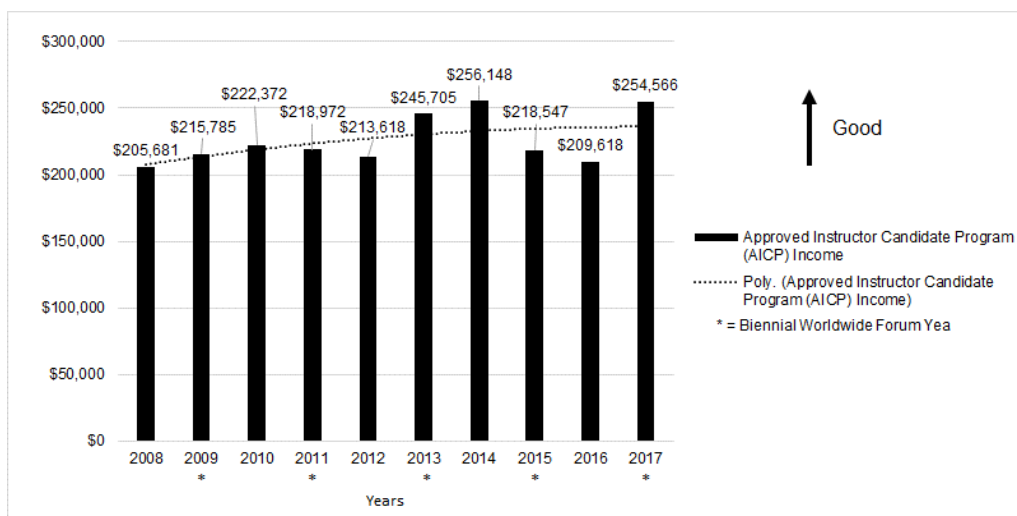


Figure 15. ASD Foundation's approved instructor candidate program (AICP) income (2008-2017).

*AIP materials and workbooks income.* ASD Foundation leaders kept the AIP materials and workbooks income part of the Program Service Revenue category vice adding to the Other Income category. Since 2013, foundation leadership has seen an increase in sales. Figure 16 depicts the past ten years of revenue for the AIP Materials and Workbooks.

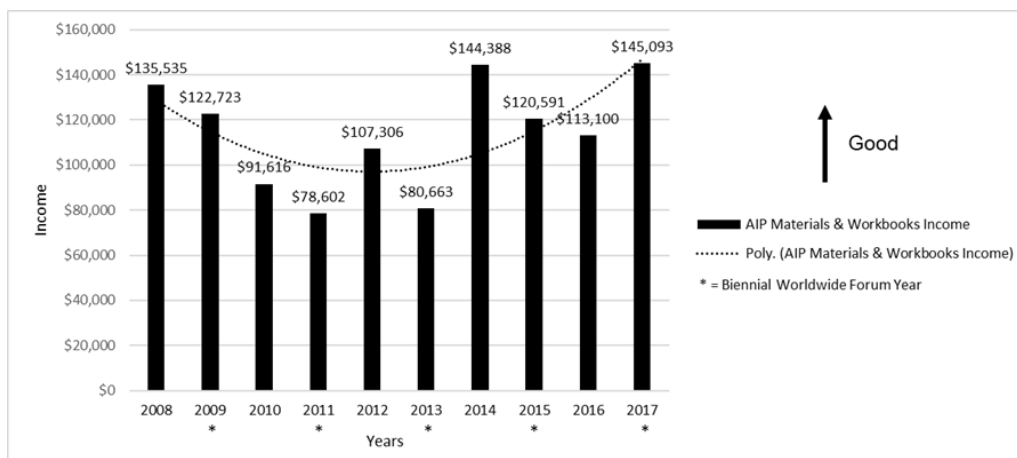


Figure 16. ASD Foundation's approved instructor program materials and workbooks income (2008-2017).

*Speakers Bureau.* Figure 17 provides the income from the Speakers Bureau over the past ten years. Since the beginning of the foundation, ASD foundation leadership and staff have provided a flexible group training and cost-effective option for entire organizations, agencies, or departments worldwide, and includes keynote speakers along with instructor training. Approved instructors provide training in 49 courses that the foundation offers.

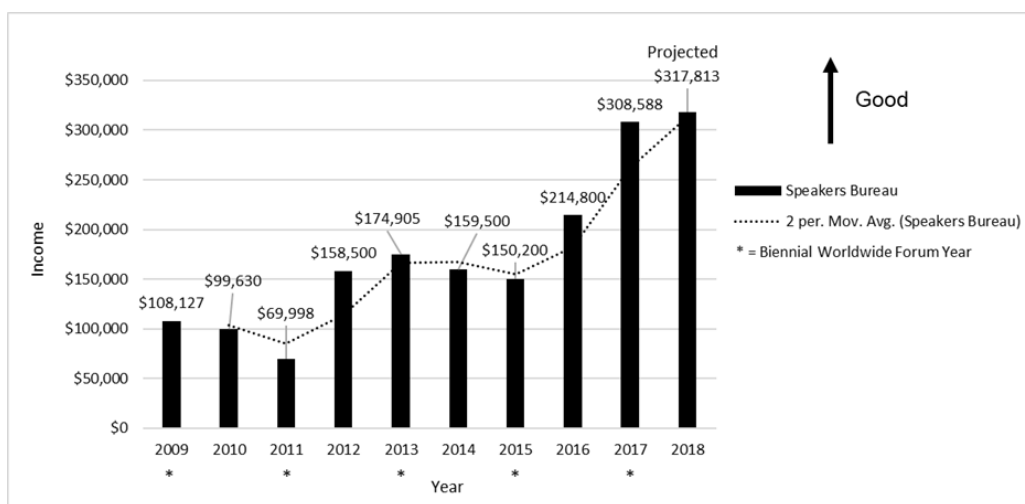


Figure 17. ASD Foundation's Speakers Bureau revenue (2009-projected 2018).

*Membership dues.* Unlike the previous revenue streams, ASD Foundation leaders and staff have seen a steady decrease in membership since the foundation's membership high in 2004. In 2014, membership bottomed out near the 1997 level just short of \$100,000 in dues annually. Since 2014, ASD Foundation leadership has worked hard to increase membership. Although slow, leadership and staff are seeing a resurgence in foundation membership. Figure 18 depicts the past 20 years of revenue for the foundation Membership Dues revenue.

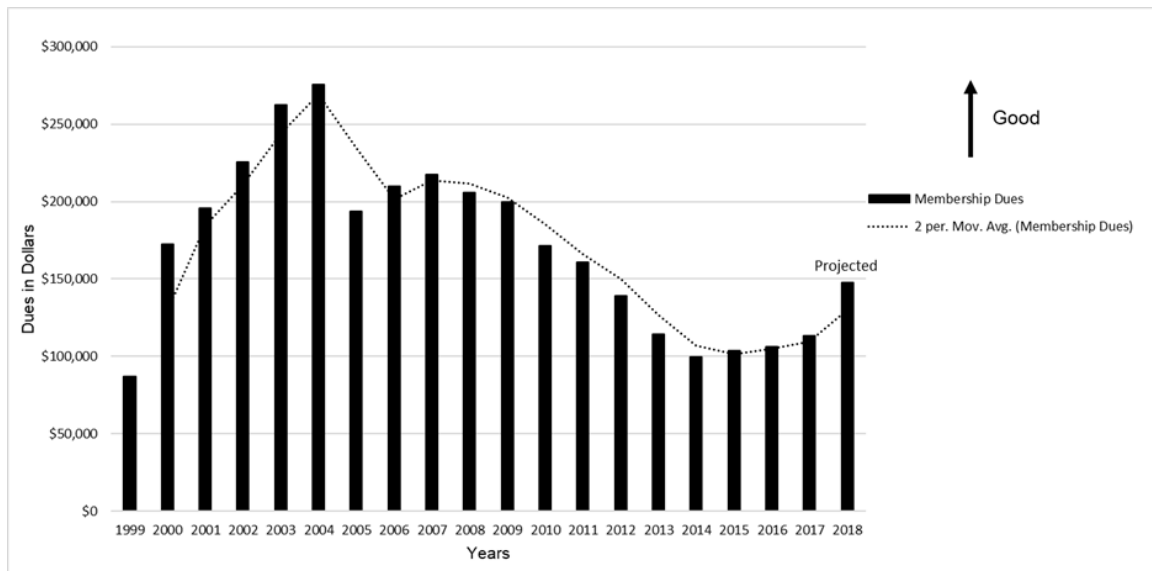


Figure 18. ASD Foundation's membership dues (1999-projected 2018).

*Online training.* Early in 2015, the ASD Foundation staff started to offer online and webinar courses, starting with the Suicide Awareness online course. Foundation leaders saw increased use of the online courses, and because of this increase, staff have increased the number of online courses to five and are continuing to look at additional courses to place online. The online courses follow a curriculum delivered during a two-week self-paced time frame. The developers use discussions, updated text and reference materials, videos, and scenarios are used to facilitate learning. Figure 19 depicts the past four years of Online Training revenue with a constant increase year over year.

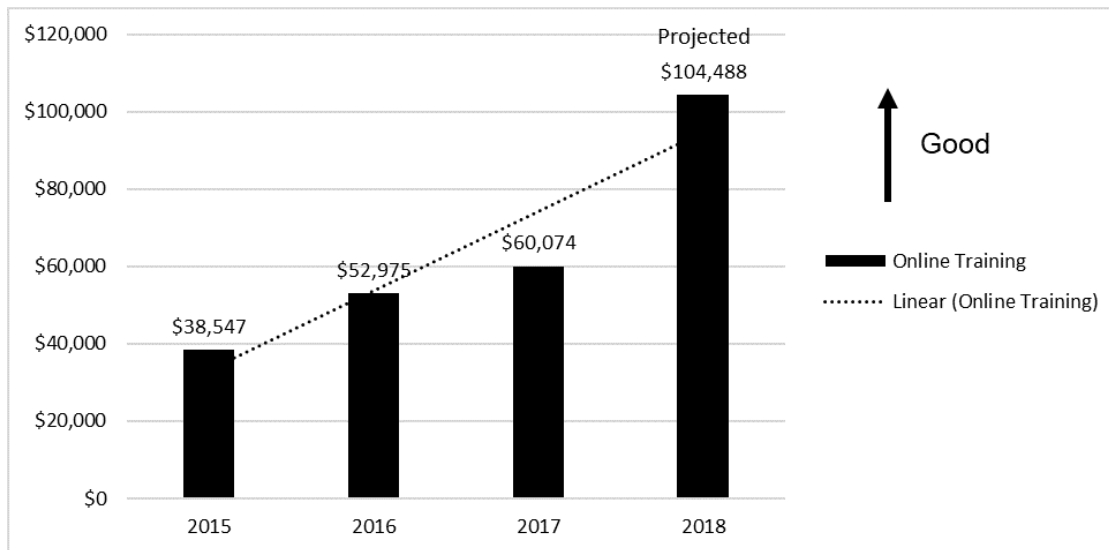


Figure 19. ASD Foundation's online training (2015-projected 2018).

*Net income from sales of inventory (regional training, Speakers Bureau).* Net income from sales of inventory, composing up to 98% of Other Income, is the additional books, handouts, videos, and other material that foundation staff sells at the training events that are above the provided course material. The cost of goods sold amount incorporating the printing and photocopying costs offset the stated amount. There is a direct correlation between net income from sales of inventory and Regional Training and Speakers Bureau training. If there is an increase in revenue in the Speakers Bureau or the Regional Training, there could be an increase in the Net income from sales of inventory. Figure 20 depicts the past ten years of net income from sales of inventory.

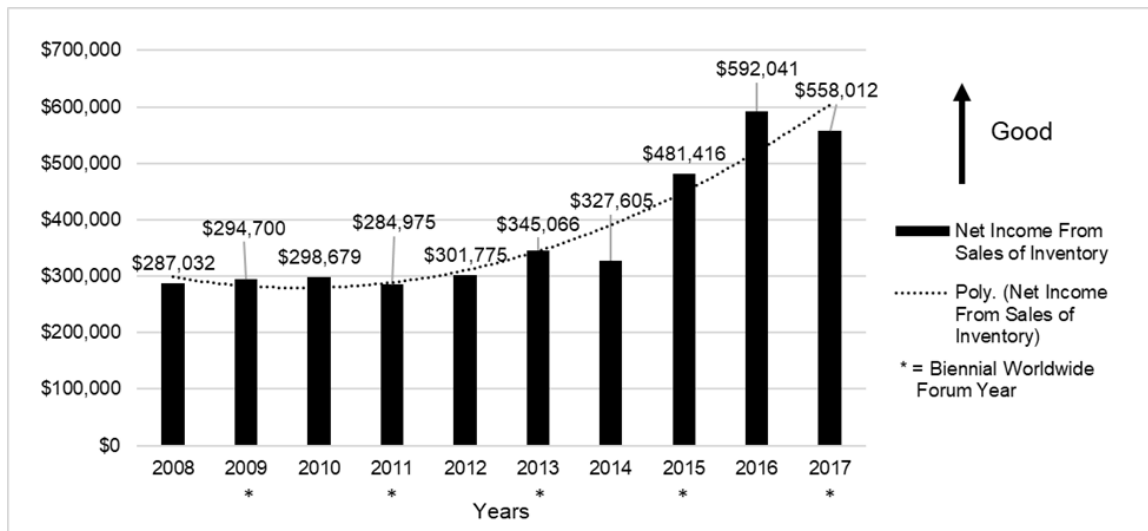


Figure 20. ASD Foundation's net income from sales inventory (2008-2017).

**Financial performance measures.** Faulk and Stewart (2017) stated that nonprofit researchers look at financial performance as an objective measure of an organization's performance. Prentice (2016b) asserted that scholars agreed that an NPO's leadership evaluate their financial performance through several factors. I present several views that present ASD Foundation's financial performance, including (a) revenue and expenses, (b) operating margin, (c) program service expense ratio, (d) liquidity ratio, (e) months of cash available, and (f) administrative expense (cost) ratio.

**Revenue and expenses.** Since 2103, ASD Foundation leaders have maintained a net income surplus. The net income surplus has increased each year. Figure 21 provides an overview of the foundation's revenue and expenses since 2008 to a projected 2018. The projected revenue for 2018 may become the second- to third-highest revenue for the foundation if the projections stand.

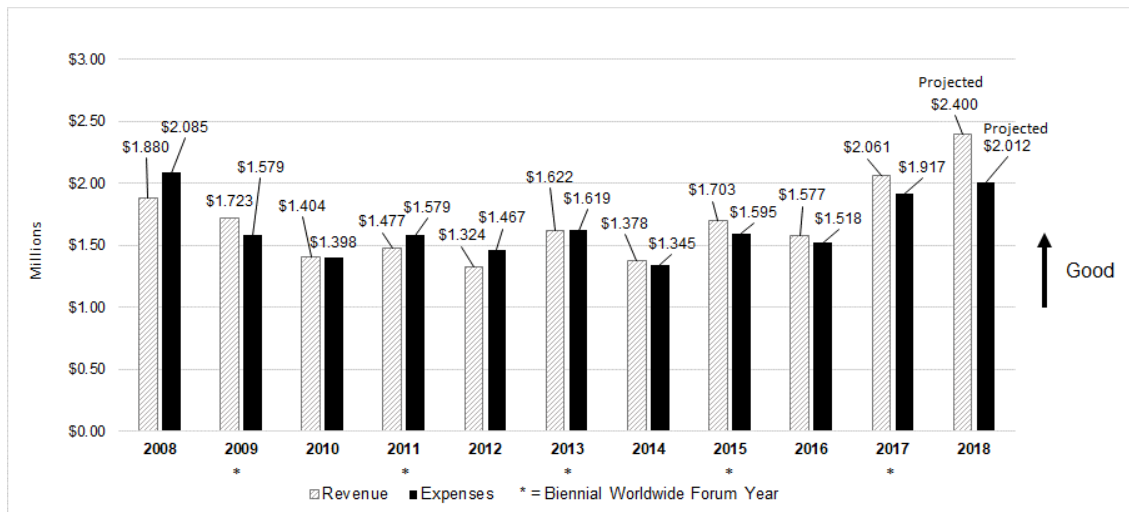


Figure 21. ASD Foundation's revenue and expenses (2008-projected 2018).

*Operating margin.* Gaver, Harris, and Im (2016) described operating margin as the total revenues minus total expenses divided by total revenues Chang and Tuckman (1991b) and Tuckman and Chang (1991) advocated for positive operating margins for NPO leaders to maintain financial flexibility while preventing financial vulnerability. Tuckman and Chang further stated that low operating margins were one of the four indicators of financial vulnerability. Figure 22 provides an overview of ASD Foundation's operating margin from 2008 to 2017. The net losses in 2008, 2011, and 2012 are visible, as well as the turn-around after new leadership came on board.

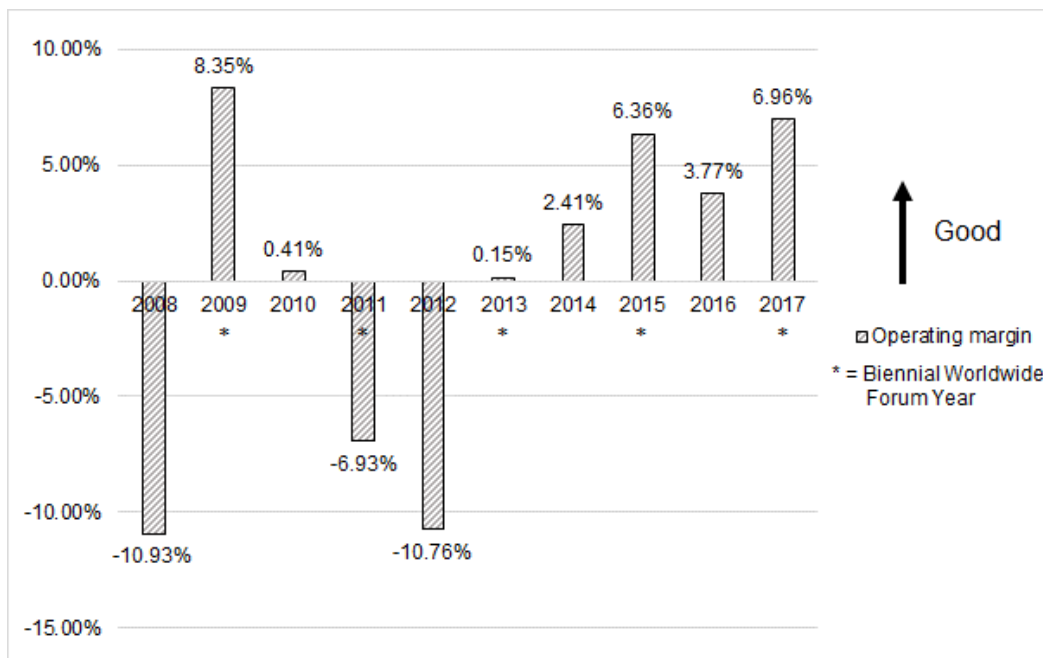


Figure 22. ASD Foundation's operating margin (2008-2017).

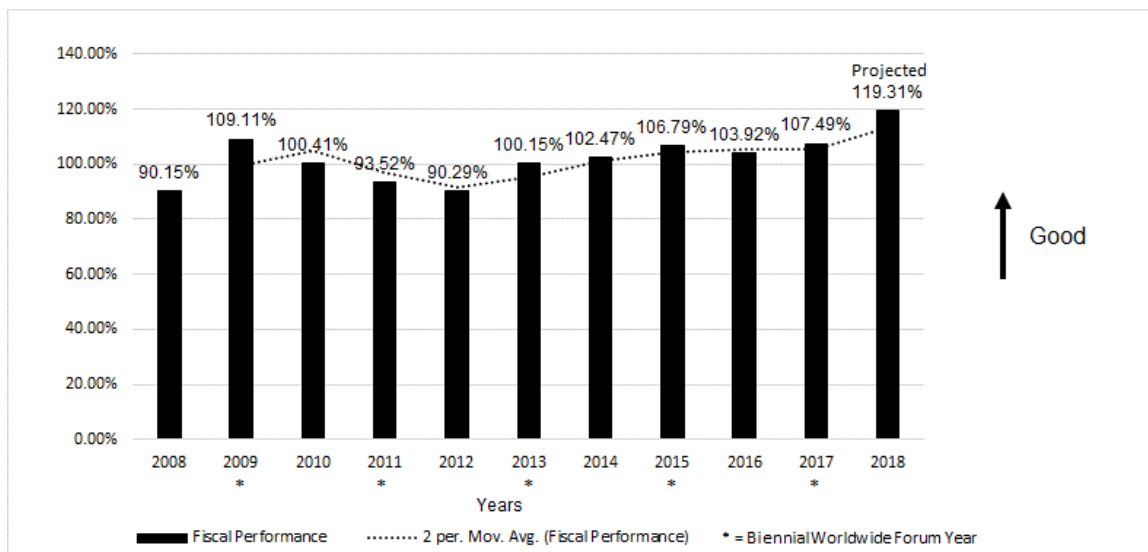


Figure 23. ASD Foundation's fiscal performance (2008-projected 2018).

*Fiscal performance.* Another way to view Figure 21 is looking at the ratio between revenue and expenses. The higher the ratio equates to more annualized revenue to expenses. Figure 23 shows that ASD Foundation leadership has maintained more than 100% since 2013.

*Program service expense ratio.* Figure 24 provides an overview of ASD Foundation's program service expense ratio from 2008 to 2017. Chikoto et al. (2016) developed three scenarios which reflected an NPO's resource dependence: donative-dependent, earned income-dependent, and investment income-dependent. Based on Chikoto et al.'s scenarios, one might view the ASD Foundation as an earned income-dependent NPO, with nearly 68% of the revenue coming from program service revenue. In 2017 and 2018, ASD Foundation leadership and staff increased program services, e.g., additional online courses, AICP courses, regional training, and Speakers Bureau courses; thus, the increase in program service expenses.

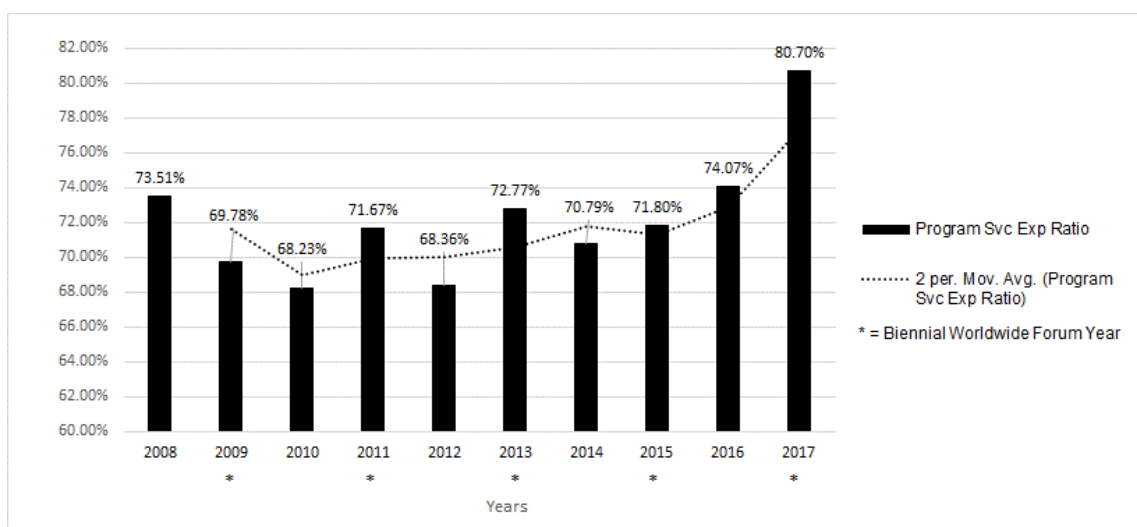


Figure 24. ASD Foundation's program service expense ratio (2008-2017).



*Liquidity ratio (quick ratio).* Prentice (2016b) stated that liquidity is the NPO's funds that are cash or can be turned into cash within the fiscal year without significant expense. Liquidity ratio, also known as quick ratio, is a measure of an organization's ability to pay immediate debts. Liquidity ratio is the comparison of quick assets to current liabilities. Figure 25 shows the ASD Foundation's liquidity ratio from 2008 to 2017. A ratio above 1.0 means that the NPO leadership has enough quick assets to cover current liabilities.

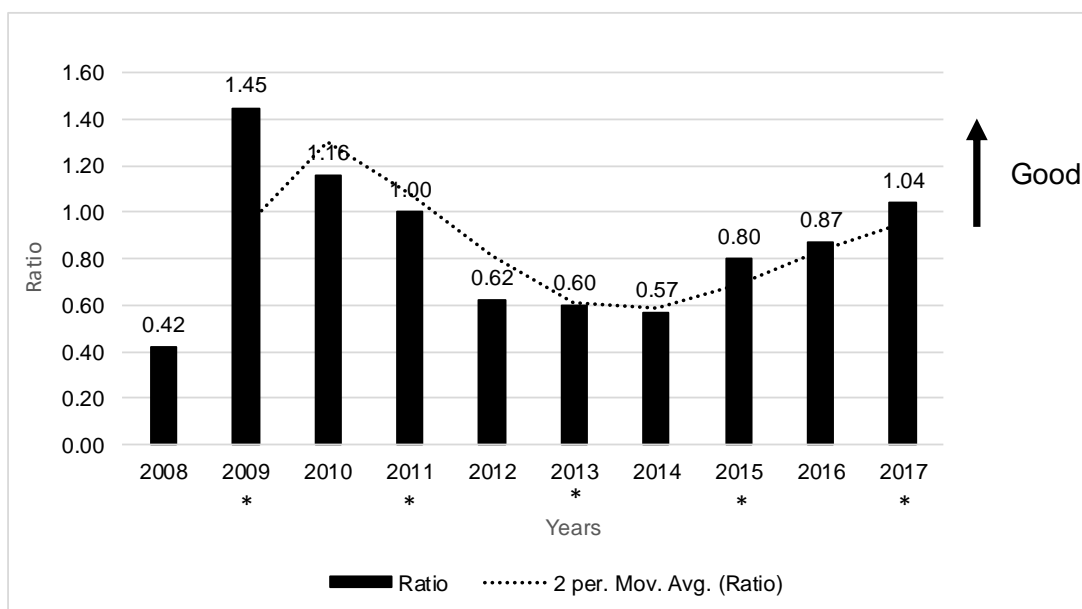


Figure 25. ASD Foundation's liquidity (quick) ratio (2008-2017).

*Months of cash available (operating reserves).* As I previously stated, Grizzle et al. (2015) wrote that operating reserves provide NPO leadership the capability to take advantage of developments that allow for innovation, growth, or enhancement of programs and services, as well as, weathering times of budget shortfalls and urgent demands on resources. Grizzle et al. also found that the amount of operating reserves

ranged from three months to upwards of three years of operating expenses. Without an operating reserve, NPO leaders are susceptible to fluctuations in revenue and expenses and are indicative of an NPO's poor financial health. ASD Foundation leadership has increased cash or easily convertible funds to cover all expenses from 1.7 months in 2014 to 3.3 months. Figure 26 provides the past ten years of an annual number of months of cash available, also known as operating reserves.

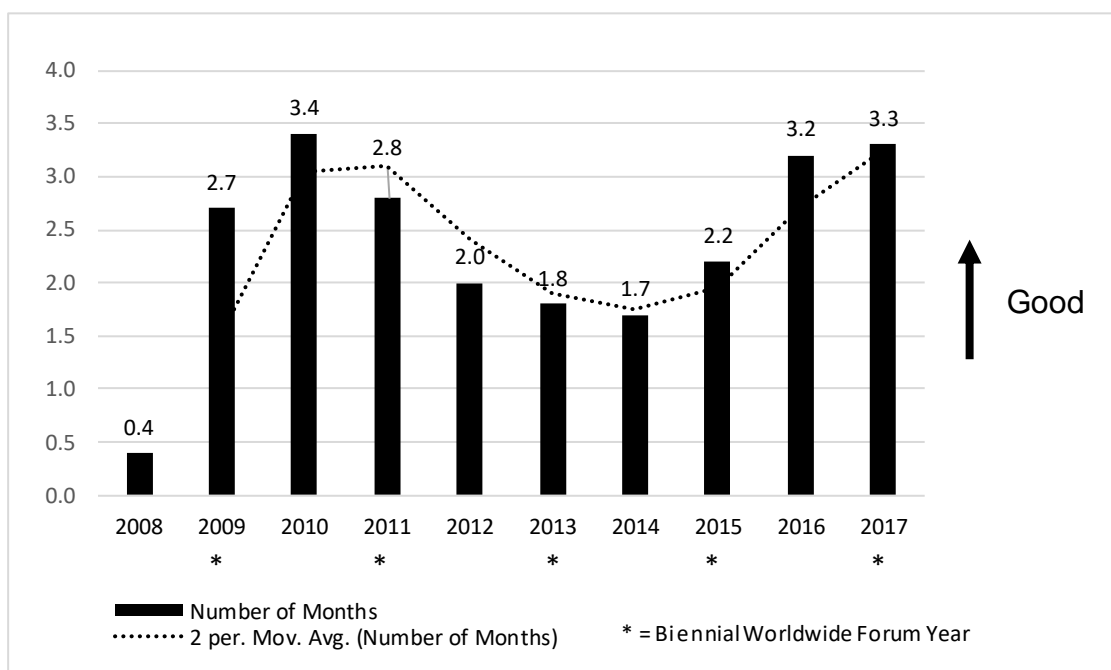


Figure 26. ASD Foundation's months of cash available (operating reserves) for 2008-2017.

*Administrative expense (cost) ratio.* Authors like Tuckman and Chang (1991) and Chikoto and Neely (2014) have professed that higher administrative expenses provide NPO leaders with the flexibility to cut or reduce expenses. Chikoto and Neely and Chikoto-Schultz and Neely (2016) found in separate studies that the average NPO had between 13% and 15% of administrative costs. Tuckman and Chang noted that when

NPO leadership has flexibility when revenue declines, they may be able to reduce their administrative costs. Figure 27 provides an example of NPO leadership reducing administrative expense when faced with a financial shock. ASD Foundation senior leadership had to find ways to reduce cost when the NPO reached a potential cusp of defaulting.

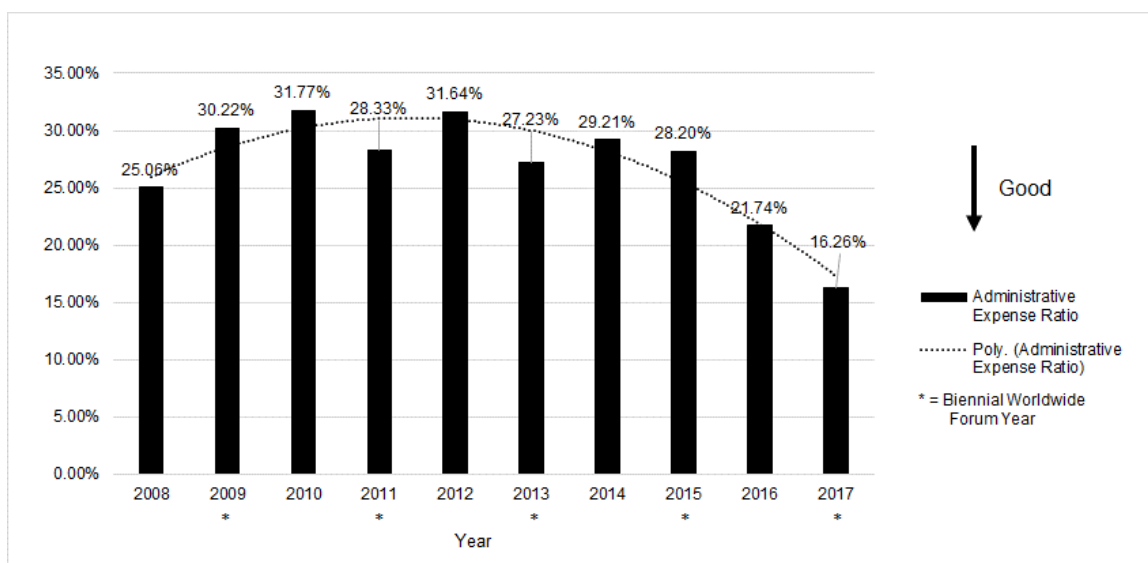


Figure 27. ASD Foundation's administrative cost ratio (administrative costs / total expenses) for 2008-2017.

## Key Themes

**Process strengths.** Processes are the methods that the ASD Foundation leadership and staff use and improves. The Baldrige Performance Excellence Framework (2017a) identified the following four factors to evaluate processes: (a) approach, (b) deployment, (c) learning, and (d) integration. The first process strength theme to emerge was the strategic planning and execution of the ASD Foundation. The foundation leaders and staff used the 2016-2018 Strategic Management Plan as their overall action plan. The leadership and staff created the plan with tactical tasks that staff members used to

implement. The contents of the plan included the foundation's senior leadership's vision; the foundation's mission, primary objective, and goals; tactical strategies; and tasks that are specific actions supporting the tactical strategies. The second process strength theme related to the passion the leaders and staff have to execute the foundation's mission of "providing leadership, education, training, consultation, and support services in comprehensive crisis intervention and disaster behavioral health services to the emergency response professions, and other organizations and communities worldwide." This passion created an environment that allowed a momentum change to occur, further igniting a financial turnaround to occur. The third process strength was the continued communication with the CISM teams and the overall stakeholders. The publications *LifeNet* and *CISM Wisdom* provide continued updated information of the foundation and the importance of CISM. The fourth process strength theme is the leadership's and staff's use of data analytics. Although still working how to use the results best, leadership and staff are eager to understand how to use the results to increase efficiency and provide better services to their customers. The fifth process strength theme was the availability of senior leadership to the rest of the staff and the open communications that occurs. The core staff of the foundation is small, only 14 employees. The CEO is available to all employees, to include during the weekly staff meeting that allows all employees to exchange information about their tasks with leadership and other staff.

**Process opportunities.** Process opportunities are areas that the ASD Foundation leadership and staff can improve upon to execute the foundation's mission better and to ultimately help save the heroes. The five process opportunities include (a) creating

written and repeatable processes and procedures across all departments, (b) developing a process improvement program, (c) creating and using cross-department action plans, (d) conduct contingency planning, and (e) increasing transparency through making available the foundation's financial statement.

**Results strengths.** Baldrige Performance Excellence Framework (2017a) stated that results are the outputs and outcomes the organization achieve, addressed in the requirements in (a) product and services, (b) customer, (c) workforce, (d) leadership and governance, and (e) financial and market Baldrige categories. Additionally, when looking at results, organizational leaders should use four factors to evaluate results: (a) levels, (b) trends, (c) comparisons, and (d) integration (Baldrige Performance Excellence Framework, 2017a). The first result strength theme is financial management. Before 2013 when a new CEO and chairman of the board arrived at the foundation, the foundation was in a financial crisis, showing a downward trend in many categories. Since 2014, the foundation's financial and services results showed a positive trend. The foundation leadership and staff have shown increasing membership, net gains, higher liquidity, a higher number of months of cash available for emergencies, increased operating margin, increased operating reliance, increased revenue, increased program service revenue, lower administrative expenses, and an increased program service diversified portfolio. The second result strength theme was the student and instructor feedback of the CISM courses that averaged over 4 out of a 5 Likert-type scale. The third result strength theme was the positive trend in the number of attendees at the Regional Training Events and Speakers Bureau. The fourth strength and one that underlies most of the foundation's

strengths is a multifaceted marketing plan that is working.

**Results opportunities.** Results opportunities are outcomes that the ASD Foundation leadership and staff can improve upon to execute the foundation's mission better and to ultimately help save the heroes. The six results opportunities include (a) reversing the downward trend of registered attendees to the biennial worldwide forum, (b) building a robust data management system, (c) updating the employee handbook, (d) increasing organizational capacity, (e) conducting member retention and growth, and (f) research conducting surveys to look at ways to provide additional services.

### **Project Summary**

Although the 2013 NCCS data showed an increase of Internal Revenue Service registered NPOs with over 1.4 million 501(c)(3) registered NPOs, McKeever (2015) determined in a review of the year over year data, the number of NPOs declined between 4.5% to 5%. Although an overall reason is unknown for the decline, Tevel et al. (2015) and (Kim (2018) posited that financial distress and vulnerability could lead to an NPOs decrease of services and potential closure. Chang and Tuckman (1991a, 1991b) and Tuckman and Chang (1991) stated that an organization was financially vulnerable if organizational leadership immediately reduced or cut back service offerings when they experience a financial shock. Chang and Tuckman (1994) stated that diversified revenue sources were more likely to be associated with a strong financial position than were concentrated revenue sources. Revenue diversification is one of the four core proverbs of nonprofit organization financial management—the other three include minimizing overhead, being fiscally lean, and avoiding debt (Mitchell & Calabrese, 2018). Bowman

(2017) stated that a distinguishing feature of nonprofits is their complex revenue streams associated with a diversified revenue portfolio.

In this study, I focused on the diversification strategies that ASD Foundation leaders and senior staff use to grow funding sources. Participants in this study provided valuable information about how they use various actions associated with the tasks contained in the foundation's 2016-2018 Strategic Management Plan. The results of this study provided evidence requiring foundation leaders to implement and update applicable policies, processes, and procedures; develop process improvement; create and use action plans; conduct contingency planning; increase transparency; reverse the downward trend of registered attendees to the biennial worldwide forum; increase data management processes; build a robust data management system; and increase organizational and individual capacity. Additionally, the data analyzed provided knowledge of leadership, strategy, customers, measurement, analysis, and knowledge management, workforce, and operations for an NPO located in the mid-Atlantic region of the United States. The strategies of revenue diversification and increased revenue from a diversified portfolio along with enablers to revenue diversification provided in this study might enable NPO executives to benefit the communities they serve through continued mission fulfillment; while members of society might benefit when community members receive NPO critical services.

### **Recommendations for Action**

Throughout this single-case study, I found positive, evidence-based themes and results related to the leaders and staff of ASD Foundation. These positive themes and

results include five process strength themes and four results strengths themes. As with any organization, the ASD Foundation leaders and staff have opportunities to improve. I based these opportunities on a systematic approach to improvement. The four process opportunities include (a) creating written and repeatable processes and procedures across all departments, (b) developing a process improvement program, (c) creating and using cross-department action plans, and (d) conduct contingency planning. Additionally, ASD Foundation leadership and staff should continue to diversify program service revenue, and continue CEO remarks on the new website and *LifeNet*. The five results opportunities include (a) reversing the downward trend of registered attendees to the biennial worldwide forum, (b) building a robust data management system, (c) updating the employee handbook, (d) increasing individual and organizational capacity, and (e) research conducting surveys to look at ways to provide additional services.

**Process opportunities.**

*Creating written and repeatable processes and procedures across all departments.* Upon interviewing department directors and other employees, each director and staff develop various actions to complete associated tasks contained in the 2016-2018 Strategic Management Plan. The director's and staff's actions may not be in sync with other department director actions. For example, each department director performs their marketing. Coordination may occur during the weekly staff meeting. Figure 28 provides a comparison of three steps toward mature processes. The key is to move to integrated approaches. Before early systematic approaches, is leadership and staff that operate by activities rather than by processes, are largely responsive to immediate needs or



problems, and have poorly defined goals (Baldrige Performance Excellence Framework, 2017a). Based on interviews and document research, ASD Foundation leaders and staff are beyond reacting to problems. The second stage of process maturity, early systematic approaches, is characterized by leadership and staff that begin to carry out operations with repeatable processes, evaluation, and improvement, and include coordination among organizational units and defined strategy and quantitative goals (Baldrige Performance Excellence Framework, 2017a). The third stage, aligned approaches, is characterized by leaders and staff using repeatable and regularly evaluated processes during their organizational processes, leaders and staff share learnings, coordination occurs, and processes address key strategies and goals. Based on my interviews and research, I characterize the ASD Foundation leaders and staff by a blend of early systematic approaches and aligned approaches. The fourth and most mature stage, integrated approaches, is characterized by leaders and staff (a) using repeatable and regularly change and improvement evaluated processes; (b) seek and achieve efficiencies across units using analysis, innovation, and sharing of information and knowledge; and (c) use processes and measures to track progress on key strategic and operational goals (Baldrige Performance Excellence Framework, 2017a, p. 36).

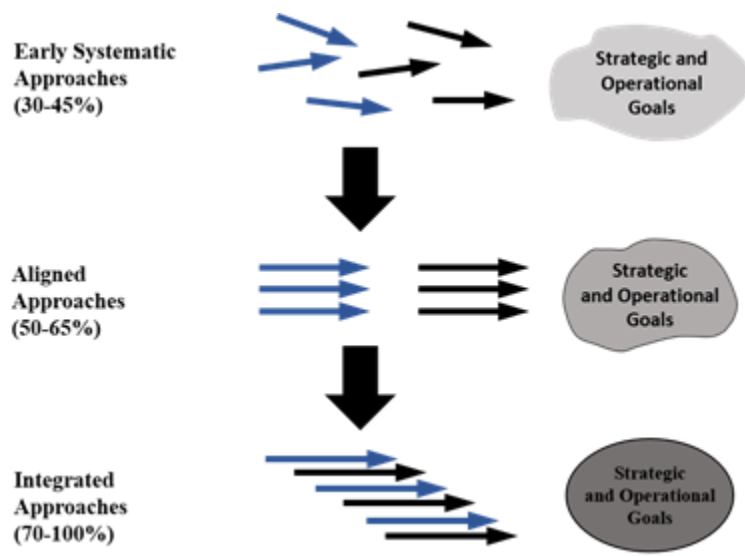


Figure 28. Baldrige steps toward mature processes. Adapted from “Baldrige Performance Excellence Program,” by the National Institute of Standards and Technology (NIST), 2017a, p. 36.

*Developing a process improvement program.* Not only did the Baldrige Performance Excellence Framework (2017a) refer to repeatable processes but regularly changed and improvement evaluated processes. Life is not static and organizational leaders, and staff must be agile and make the appropriate changes to thrive in changing environments. Leaders and staff might use process improvement strategies to expand or create services and products to attract or target a wider range of clients, create and implement more efficient processes, become a more resilient organization, make better use of funds, and develop innovative problem-solving approaches. Efficiency, Schallock et al. (2016) noted, is the degree to which an organization’s leadership and staff produce their planned results from financial analysis and internal process perspective. Additionally, process improvement involves creating and implementing metrics to know where the organizational leadership and staff is at in executing the organization’s

mission. Identifying and implementing metrics are items that are holding the foundation back from reaching GuideStar Platinum Transparency recognition.

***Creating and using cross-department action plans.*** Actions plans are specific actions organizational leaders take to reach the organization's short- and long-term strategic goals (Baldrige Performance Excellence Framework, 2017a). Actions plans are not only strategic but also how leaders and managers how to execute goals and objectives that may support the execution of the strategic goals. ASD Foundation leaders and staff developed strategic plans and a strategic management plan that provides goals, objectives, and tasks to complete to execute the foundation's mission. Leaders and staff view the 2016-2018 Strategic Management Plan as a strategic plan. Each department director is responsible for creating action plans for their department to complete the tasks contained in the 2016-2018 Strategic Management Plan.

However, creating separate action plans will continue the early systematic approaches shown in Figure 26. For example, department staff does not use the same type of evaluation form—some departments use paper and some electronic. Using similar electronic forms or forms that can be scanned, provide leadership and staff data that they can perform data analysis to support decision-making further.

***Conduct contingency planning.*** Business leaders are increasingly seeing that their businesses are subject to disruptions while finding it hard to predict the disruption nature, time, and extent of the disruption (Sahebjamniaa, Torabi, & Mansouri, 2015). Every organization, large or small or for-profit or nonprofit should have a leadership-lead contingency plan in case of a man-made, or natural disaster closes the organization's

operations. Recent weather events, such as hurricanes Maria, Irma, and Harvey in 2017, and more recently hurricanes Michael and Florence in 2018 are just a few examples of incidents that require businesses leaders to proactively planned in the event of power disruption, flooding, or loss of IT services. Contingency planning is an organization's preparedness for the unexpected and is ready for such events as incidents and disasters (Whitman, Mattord, & Green, 2014). According to Whitman et al., contingency planning involves four functions (a) business impact analysis, (b) incident response planning, (c) disaster recovery planning, and (d) business continuity planning. The staff from the National Institute of Standards and Technology (2010) in their Special Publication 800-34, Revision 1, included a 7-step contingency planning program. The seven steps include: (a) develop contingency planning policy; (b) conduct business impact analysis; (c) identify preventive controls; (d) create contingency strategies; (e) develop contingency plan; (f) plan, test train, and exercise the plan; and (g) maintain the plan (National Institute of Standards and Technology, 2010).

*Risk identification and risk assessment.* According to Whitman et al. (2014), the entire contingency planning process began with an assessment of the risks associated with contingencies; and the first function is the business impact analysis. The staff of the International Organization for Standardizations (2012) described the organization leader's risk assessment requirements as to establish, implement, and maintain a formal documented risk assessment process that might assist leadership to identify systematically, analyze, and evaluate the risk of disruptive incidents to the organization (p. 16).

*Business impact analysis.* Abu el Ata and Schmandt (2016) contended that to have continuity of business operations, leaders must identify all business functions within their organization, and then assign a level of importance to each business function. In the case of the ASD Foundation, leaders and staff must document business functions and processes. The business impact analysis is a dynamic process for identifying critical operations and services, internal and external dependencies, appropriate resilience levels, and impacts to operations over time (Aronis & Stratopoulos, 2016; Hijjawi & Al-Shawabkeh, 2017). Further, the staff of the International Organization for Standardizations (2012) specified that business impact analysis is the process organization leadership uses to analyze activities and the effect that a business disruption might have upon those activities.

*Business continuity.* Business continuity is an ongoing process to ensure that the necessary steps are taken to identify the impacts of potential losses and maintain viable continuity and recovery strategies and plans. Business continuity is also about ensuring the resilience of the business or organization, regardless of the incident, crisis, or disaster (Bailey, 2015). Business continuity is the capability of the organization, large or small or for-profit and nonprofit, to continue delivery of products or services at acceptable predefined levels following a disruptive incident (International Organization for Standardizations, 2012). The Nonprofit Risk Management Center (n.d.) aids with nonprofits in developing a business continuity plan.

***Increasing transparency through making available the foundation's financial statement or creating an annual report.*** Transparency had an intrinsic value and an

instrumental value which included effectiveness, accountability, trust, fairness, and legitimacy (Hyndman & McConville, 2016; Parris et al., 2016; Valencia et al., 2015).

When NPO leaders make publicly available information about the organization's mission, activities, and finance, the leadership portrays transparency and accountability to the NPO's stakeholders. Researchers found that donors, volunteers, and other stakeholders are placing increased importance on accountability to the NPO leadership (Christensen & Cornelissen, 2015; Parris et al., 2016; Schnackenberg & Tomlinson, 2016; Slatten et al., 2016).

### **Results opportunities.**

*Reversing the downward trend of registered attendees to the biennial worldwide forum.* Even in the age of LinkedIn and other professional social media and lower organizational conference budgets, attending a professional conference includes five benefits: (a) working with people and not conversing over the internet, (b) getting involved with experts in the field, (c) becoming exposed to the leading trends in the industry, (d) developing ones profile and prestige, and (e) keeping the company's investment in the employee current and relevant (Nebrig, Munafo, Goddard, & Tierney, 2015). Table 16 shows a decline in attendees each year from 2003 to 2017, except for 2011, with 2017 having half of the attendees than in 2003. To help resolve the falling attendance, staff and leadership might want to answer the following question, what makes the biennial worldwide conference worth attending? In an online article regarding metrics, Whitehorne (2015) asked the question, what can you learn from your nonattendees? Whitehorne suggested that business leaders that host a conference can

learn from their nonattendees and recommended that leaders survey members who do not attend their events and look for examples and advice on how to get the most worthwhile feedback.

***Building a robust data management system.*** A robust data management system gets to the answer to the question, “how do you know?” ASD Foundation started down the path of data collection and analysis when they purchased the use of Google Analytics. Google Analytics is answering the above question regarding users of the foundation’s website. However, there is more than understanding the use of the foundation’s website. For example, how well are the instructors in teaching the CISM-related courses or how well are the students retaining the information they learned in the courses? What other courses or services can we provide to nurture the CISM community? How can we learn from out-of-sector organizations about how to improve processes? Are there additional methods to engage the workforce and customers? Find out what is key to the foundation leadership, then collect, measure, and analyze the data, and then adjust based on the analysis. A data management system can help leadership and staff answer those questions. A suggestion to assist in this matter is to work with a local university to establish an internship available for college credit to help create a dashboard and to help in establishing metrics to collect and track.

***Updating employee handbook.*** The existing handbook is nearly a decade old and woefully out-of-date. Leadership needs to update the employee handbook with all 2018 information, including the foundation’s workplace practices, job expectation, leave policies, benefits and insurance information, internal communication policy, career

development, compensation and accounting procedures, building procedures, code of ethics, open-door policy, and newly developed policies and organizational processes.

***Increasing individual and organizational capacity.*** Lee and Nowell (2015) defined organizational capacity as the human and structural features that facilitate an organization's leadership ability to offer programs and services. Lee and Nowell further emphasized that capacity included the evaluation of how well the NPO leadership had constructed effective internal processes and structures to use the resources efficiently toward the execution of the NPO's mission. Prentice and Brudney (2018) defined individual capacity as the human capital, the stock of resources individually and collectively possessed by the people of an NPO. Senior leaders may want to hire one to two additional employees, whether full-time or part-time, or volunteers to provide the additional organizational capacity to handle the increased CISM training requirements on a daily basis and to nurture the field of CISM further.

***Conducting surveys to look at ways to provide additional services.*** Just as my recommendation to ask nonattendees to the biennial worldwide forum, foundation leaders might survey ASD Foundation members to leverage and extend the reach of ASD's established model for peer-support. Asking within the quarterly publication *LifeNet* for feedback is an indirect method to receive that feedback. However, asking direct questions, whether through the publication or using a survey tool similar to Survey Monkey, TypeForm, Google Forms, or Survey Gizmo may provide foundation leadership and staff insight into new services, products, or courses.



## Section 4: Executive Summary of Key Themes

### **Project Summary**

The purpose of this qualitative single-case study was to explore diversification strategies that NPO executives use to grow funding sources. As a participant in Walden University's consulting capstone, I worked with an assigned client NPO. Within this study, I reviewed external information and internal information of my client, ASD Foundation. The initial population for this study consisted of four executives of an NPO in the mid-Atlantic region of the United States who had successfully implemented diversification strategies to grow funding sources. However, through the research process, the CEO operationalized a new organizational structure. I also added more directors to the sample based on the CEO's recommendations. Therefore, the study population consisted of 10 leaders and directors, including the (a) chairman of the board, (b) chief executive officer, (c) director of education and training, (d) chief financial officer, (e) education and training manager, (f) approved instructor support department manager, (g) membership and continuing education program coordinator, (h) development coordinator, and (i) cofounders of the NPO.

The results reflected participants' perceptions of leadership, strategy, customers, measurement, analysis, and knowledge management, workforce, operations, and organizational results for an NPO located in the mid-Atlantic region of the United States. NPO leaders who read this single-case study may use various diversification strategies to grow their NPO's funding sources, thus increasing their financial stability, health,

resilience, capacity, and ability as leaders to increase services for their constituents while decreasing their financial vulnerability and volatility.

## **Contributions and Recommendations**

### **Implications for Social Change**

This single-case study has implications for change. Implications for positive social change include the potential to contribute to nonprofit governance literature and promote nonprofit revenue diversification strategies. NPO executives continue to seek responsibility in projects or initiatives intended to create social change (Shier & Handy, 2015). The strategies of revenue diversification and increased revenue from a diversified portfolio along with enablers to revenue diversification provided in this study might enable NPO executives to benefit the communities they serve through continued mission fulfillment. Members of the society may benefit when community members receive critical services from NPOs.

By implementing diversification strategies to grow funding sources, NPO leaders may increase financial resilience and financial capacity while decreasing financial vulnerability and volatility. Leaders in sustainable, financially healthy NPOs are more likely to be capable of continuously executing their NPOs' missions while being less likely to reduce services or face NPO closure than leaders in less sustainable and financially healthy NPOs (Carroll & Stater, 2009; Tuckman & Chang, 1991). Sustainable financial health is concerned with the longer-term survival of the NPO and the NPO leader's ability to provide additional as well as better services (Bowman, 2011). To gain and maintain sustainable financial health, NPO leaders may use various methods, which

may include observing best business practices, including responsible financial management and stewardship, governance, financial reporting and accountability, strategic planning, budgeting, and long-range financial planning, to achieve their mission and goals.

### **Research Recommendations**

The major limitation of this case study was that I only gained experiences from one NPO from the mid-Atlantic region of the United States and did not include experiences from leaders of other NPOs. Because I used the Baldrige Performance Excellence Framework for my single-case study—and at the recommendation of my client’s CEO—I expanded my semistructured interviews to additional leaders within my NPO client beyond the four initial senior leaders. Because my purpose in this qualitative single-case study was to explore diversification strategies that NPO executives use to grow funding sources, I focused my research in two areas: (a) revenue diversification strategies and (b) Baldrige Performance Excellence Framework criteria. Researchers may want to conduct an additional qualitative multiple-case study or quantitative research involving more than one NPO to gain additional information on the diversification strategies that NPO executives use to grow funding sources. I recommend that future researchers use different conceptual frameworks as a lens for qualitative and quantitative methods to identify strategies for revenue diversification. Researchers could replicate this research in NPOs of various sizes, including those with paid and volunteer workforces. The results of this study, when disseminated through academic literature, conferences, and training workshops, may provide leaders with strategies to support revenue

diversification to reduce volatility in funding, decrease financial risk, avoid dependence on sole-source revenue streams, and identify opportunities to increase flexibility in support of organizational goals and objectives to increase services. Additionally, this study may benefit nonprofit and for-profit organizational leaders and staff seeking a systematic approach to organizational improvement through the use of the Baldrige Performance Excellence Framework.

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## Appendix A: Interview Protocol (Research Question)

**Interview Title:** Exploring the Diversification Strategies that NPO Executives Use to Grow Funding Sources

**Protocol:**

1. The interview protocol begins. This protocol works for both telephonic and in-person interviews.
2. Pre-Condition: The study participant SLs will have previously read the Consent Form for Senior Leader Interview and provided their consent via e-mail, agreeing to participate in this research.
3. If telephonic, I will either call into the agreed upon phone number or have the participant SL call the agreed upon phone number.
4. I will arrive early enough to set up the room and to ensure the room is private enough for the interview.
5. Script before the interview:

*My name is Alan Gunnerson. I want to thank you once again for being willing to participate in the interview aspect of my study. As I mentioned to you before, my study seeks to explore and understand diversification strategies that you, as an executive of ASD Foundation, use to grow funding sources. Before participating today, you consented to have the interview audio-recorded. Do you still consent to audio-recording? I will transcribe the audio-recording and provide you the transcription for you to clarify and verify. Once you agree to the transcription, I*

*will use that information as part of the case study. I intend to keep the interview to no more 60 minutes.*

6. I will provide the participant SL with the information on how to withdraw from the study.
7. I will provide information regarding the member checking process that will occur after the interview. I will transcribe the audio-recording and then schedule a synchronous or an asynchronous follow-up meeting for the participant SL to review the transcript to ensure reliability and validity of the data.
8. I will turn on the digital audio recorder, and I will note the date, time, and location of the interview. I will also include a second digital recorder as a backup. I will have writing utensils available to take notes.
9. I will introduce the participant to his or her alphanumeric code for identification (e.g., SL1, SL2, SL3) on the audio recording
10. I will begin the interview.
11. I will begin with question #1 and will follow through to the final question.
12. I will end the interview sequence.
13. I will thank you the participant SL for his or her time and participation in the study.
14. I will reiterate my contact information for follow-up questions and any concerns from the participant SL.
15. I will set an initial follow-up date for the member-checking.
16. I will turn off the digital audio-recorders.

17. The interview protocol ends.

### **Interview Questions**

The interview questions for this case study are:

1. What strategies do you use to diversify and grow funding resources?
2. What are your strategic challenges and advantages related to revenue diversification and growing funding sources?
3. How have you addressed the key challenges to implementing your diversification strategies?
4. How would you describe the organization's current revenue sources and financial health?
  - a. What has been the growth of revenue sources while using diversification strategies?
  - b. How do you assess or determine the effectiveness of your diversification strategies to achieve the desired outcomes?
  - c. What are your key performance metrics for evaluating your financial outcomes?
5. What additional information would you like to share about strategies for diversifying revenue and growing funding resources?

## Appendix B: Interview Protocol (Baldrige Questions)

**Interview Title:** Using the Baldrige Performance Excellence Framework (2017) and its Criteria, Explore Data from ASD Foundation Executives

**Purpose:** Over a period of 40 weeks, based on interviews and continual member-checking, develop the Organizational Profile for ASD Foundation containing a detailed of the following categories (a) leadership, (b) strategy, (c) customers, (d) measurement, analysis, and knowledge management, (e) workforce, (f) operations, and (g) results.

**Protocol:**

1. The interview protocol begins. This protocol works for both telephonic and in-person interviews.
2. Pre-Condition: The study participant SLs will have previously read the Consent Form for Senior Leader Interview and provided their consent via e-mail, agreeing to participate in this research.
3. If telephonic, I will either call into the agreed upon phone number or have the participant SL call the agreed upon phone number.
4. I will arrive early enough to set up the room and to ensure the room is private enough for the interview.
5. Script before the interview:

*My name is Alan Gunnerson. I want to thank you once again for being willing to participate in the interview aspect of my study. As I mentioned to you before, my study seeks to explore and understand diversification strategies that you, as an executive of ASD Foundation, use to grow funding sources. Before participating*

*today, you consented to have the interview audio-recorded. Do you still consent to audio-recording? I will transcribe the audio-recording and provide you the transcription for you to clarify and verify. Once you agree to the transcription, I will use that information as part of the case study. I intend to keep the interview to no more 60 minutes.*

6. I will provide the participant SL with the information on how to withdraw from the study.
7. I will provide information regarding the member checking process that will occur after the interview. I will transcribe the audio-recording and then schedule a synchronous or an asynchronous follow-up meeting for the participant SL to review the transcript to ensure reliability and validity of the data.
8. I will turn on the digital audio recorder, and I will note the date, time, and location of the interview. I will also include a second digital recorder as a backup. I will have writing utensils available to take notes.
9. I will introduce the participant to his or her alphanumeric code for identification (e.g., SL1, SL2, SL3) on the audio recording
10. I will begin the interview.
11. I will begin asking questions specific to the Baldrige Organizational Profile based on the approved 40-week schedule.
12. I will end the interview sequence.
13. I will thank you the participant SL for his or her time and participation in the study.

14. I will reiterate my contact information for follow-up questions and any concerns from the participant SL.
15. I will set an initial follow-up date for the member-checking.
16. I will turn off the digital audio-recorders.
17. The interview protocol ends.



## Appendix C: Request and Approval to Use Copyright Material From the Author

RE: Permission to use a graphic from your research paper *Modern Portfolio Theory and Nonprofit Arts Organizations: Identifying the Efficient Frontier*

Nathan Grasse [REDACTED]

Thu 3/22/2018 10:50 AM

To: Alan L. Gunnerson <alan.gunnerson@waldenu.edu>;

Alan,

Apologies for the delay, I was traveling. Within the bounds of appropriate copyright law (sage), I have absolutely no problem with this. Best of luck with that dissertation!

Best regards,  
Nathan

---

From: Alan L. Gunnerson [REDACTED]

Sent: Sunday, March 11, 2018 10:34 PM

To: [REDACTED]

Subject: Permission to use a graphic from your research paper *Modern Portfolio Theory and Nonprofit Arts Organizations: Identifying the Efficient Frontier*

Mr. Grasse,

My name is Alan Gunnerson and I am a Doctoral Student at Walden University. My Doctoral Study (Dissertation) is on revenue diversification that nonprofit leaders use to grow resources and to decrease vulnerability.

I am referencing your research paper *Modern Portfolio Theory and Nonprofit Arts Organizations: Identifying the Efficient Frontier* and I would like to use the Efficient Frontier graphic from page 829 of the 2016 *Voluntary Sector Quarterly* journal. I am using Markowitz's portfolio theory as adapted to NPOs by Carroll and Stater; Grasse, Whaley, and Ihrke; and Kingma, as the conceptual framework for my doctoral study.

May I have your permission to use that graphic for my Doctoral Study? I will ensure that I cite the graphic correctly.

Sincerely,

Alan Gunnerson  
Walden University Doctoral Student  
[REDACTED]

## Appendix D: Request and Approval to Use Copyright Material From the Publisher

### RE: Permission Request Inquiry

permissions (US) <permissions@sagepub.com>

Thu 3/22/2018 7:25 PM

To: Alan L. Gunnerson [REDACTED]

Hello Alan,

Thank you for your request. While copyright of the article is held by the author, they have granted SAGE exclusive rights to its publication and display, so this type of request would indeed need to come from SAGE (not just the author). After review, I am happy to report that you can consider this email as permission to use the material as detailed below in your upcoming thesis/dissertation. Please note that this permission does not cover any 3rd party material that may be found within the work. You must properly credit the original source, SAGE Publications, Inc.

Please contact us for any further usage of the material and good luck on your thesis/dissertation!

All the Best,  
Yvonne

[REDACTED]

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From: Alan L. Gunnerson [mailto:[REDACTED]]  
Sent: Thursday, March 22, 2018 10:30 AM  
To: permissions (US) <permissions@sagepub.com>  
Subject: Permission Request Inquiry

To Permission Department,

I am a Doctoral Student at Walden University and am writing my study on revenue diversification within nonprofit organizations. I found a graphic that I want to use within my study within one of Sages journals, *Nonprofit and Voluntary Sector Quarterly*. I contacted the primary author of the article, Dr. Nathan Grasse and he responded back to me with his permission. I have included the email string as an attachment. Dr. Grasse's response included a statement "Within the bounds of appropriate copyright law (sage)." From what I see within the article, the authors have copyright.

I contacted Sage customer service via phone and was instructed to contact your department. I want to ensure that Dr. Grasse's permission is all I require to use the particular graphic. I will ensure that the authors, article and journal titles are properly cited.

Alan Gunnerson  
Walden University Doctoral Student  
[REDACTED]

## Appendix E: ASD Foundation Courses

ASD Foundation Courses (A-La)	ASD Foundation Courses (Li-W)
Advanced Assisting Individuals in Crisis	Line of Duty Death: Preparing the Best for the Worst
Advanced Group Crisis Intervention	Managing School Crises: From Theory to Application
Assaulted Staff Action Program (ASAP): Coping with the Psychological Aftermath of Violence	Pastoral Crisis Intervention
Assisting Individuals in Crisis	Pastoral Crisis Intervention I & II
Assisting Individuals in Crisis & Group Crisis Intervention	Pastoral Crisis Intervention II
Behavioral Aspects of Integrated Community Para-medicine	Preventing Youth Violence
Behavioral Emergencies: Survival Strategies for Emergency Services and Counselors	Psychotraumatology: A Cognitive Therapeutic Approach
Best Training Practices for the CISM Instructor	Resilience in Healthcare: Performance, Meaning and Connection
Building Skills for Crisis Intervention Teams	Resilience Training: Psychological Survival Skills for Before, During & After Crises
CISM Application with Children	Responding to School Crises: A Multi-Component Crisis Intervention Approach
CISM Applications with Air Medical, Critical Care Transport and Airborne Law Enforcement	Spiritual and Psychological First Aid
CISM: Practical Review and Update	Staff Support in the Healthcare Setting
CISM: When Disaster Strikes: Linking Emergency Management with Stress Management	Strategic Response to Crisis
Compassion Fatigue	Stress Management for the Trauma Service Provider
Comprehensive Crisis Preparation and Response for the Workplace	Suicide Awareness: An Introduction for Crisis Responders
Corporate Crisis Response	Suicide Prevention, Intervention, and Postvention

ASD Foundation Courses (A-La)	ASD Foundation Courses (Li-W)
Domestic Terrorism and Weapons of Mass Destruction: A CISM Perspective	TEAM: Team Evolution and Management
Emotional and Spiritual Care in Disasters	Techniques for Delivering Bad News for Crisis Response Personnel
Ethics for Traumatologists	Terrorism: Psychological Impact and Implications
From Battlefield to Street: One Uniform to Another	Thought Field Therapy
From Trauma to Addictions	Treatment of Complex PTSD
Grantwriting: A Management Strategy	Understanding Human Violence: Survival Information for Emergency Services and Counselors
Grief Following Trauma	Understanding Suicide: Effective Tools for Prevention, Intervention and Survivor Support
Group Crisis Intervention	Understanding Uniformed Services Family Stress
Healing Ways: Group Crisis Interventions for Indigenous Peoples	Working with Victims of Individual and Mass Crimes
Law Enforcement Perspectives for CISM Enhancement	Workplace Violence

## Appendix F: Glossary of Abbreviations and Acronyms

**A**


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<b>AAP</b>	Association for Addiction Professionals
<b>AICP</b>	Approved Instructor Candidate Program
<b>AIP</b>	Approved Instructor Program
<b>ASDF</b>	ASD Foundation
<b>ATSS</b>	Association of Traumatic Stress Specialists

**C**


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<b>CAQDAS</b>	computer-assisted qualitative analysis software
<b>CEO</b>	chief executive officer
<b>CEU</b>	continuing education unit
<b>CFO</b>	chief financial officer
<b>CFR</b>	Code of Federal Regulations
<b>CIS</b>	critical incident stress
<b>CISD</b>	critical incident stress debriefing
<b>CISM</b>	critical incident stress management
<b>CPR</b>	cardiopulmonary resuscitation

**D**


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<b>DBA</b>	Doctorate of Business Administration
<b>DOI</b>	Digital Object Identifier

**E**


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<b>EAPA</b>	Employee Assistance Professional Association
<b>ECOSOC</b>	United Nations Economic and Social Council
<b>E-V</b>	expected-variance

**H**


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<b>HHI</b>	Herfindahl-Hirschman Index
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**I**


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<b>IRA</b>	Individual Retirement Account
<b>IRB</b>	Institutional Review Board
<b>IRC</b>	Internal Revenue Code
<b>IRS</b>	Internal Revenue Service

**K**


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<b>KPI</b>	key performance indicator
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**L**


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<b>LMO</b>	like-minded organization
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**M**


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<b>M-V</b>	mean-variance
<b>MVOAD</b>	Maryland Volunteer Organizations Active in Disaster

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**N**


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<b>NAADAC</b>	The Association for Addiction Injury Professionals
<b>NCCS</b>	National Center for Charitable Statistics
<b>NGO</b>	nongovernmental organization
<b>NIST</b>	National Institute of Standards and Technology
<b>NPO</b>	nonprofit organization
<b>NVOAD</b>	National Volunteer Organizations Active in Disaster

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**P**


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<b>PDH</b>	professional development hour
<b>PhD</b>	Doctor of Philosophy
<b>PHP</b>	hypertext preprocessor
<b>PTSD</b>	posttraumatic stress disorder
<b>PTSI</b>	posttraumatic stress injury

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**S**


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<b>SAMHSA</b>	Substance Abuse and Mental Health Services Administration
<b>SIMPLE</b>	Savings Incentive Match Plan for Employees
<b>SL</b>	senior leader
<b>SPO</b>	social purpose organization
<b>SPSS</b>	Statistical Package for the Social Science
<b>SSL</b>	secure sockets layer
<b>SWOT</b>	strengths, weaknesses, opportunities, and threats

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**U**


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<b>U.S.</b>	United States
<b>U.S. GAAP</b>	U.S. Generally Accepted Accounting Principles
<b>U.S.C.A.</b>	United States Code Annotated
<b>UMBC</b>	University of Maryland Baltimore County

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**V**


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<b>VOAD</b>	Volunteer Organizations Active in Disaster
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