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# Revenue Diversification to Improve and Maintain Service Offerings of Nonprofit Organizations

Ganga Kosala Bandara Heengama  
*Walden University*

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# Walden University

College of Management and Technology

This is to certify that the doctoral study by

Ganga Kosala Heengama

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Walden University  
2019

Abstract

Revenue Diversification to Improve and Maintain Service Offerings

of Nonprofit Organizations

by

Ganga Kosala Heengama

MSc, University of Keele, 2007

Consulting Capstone Study Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Business Administration

Walden University

Walden University

August 2019

## Abstract

Leaders of nonprofits businesses adopt revenue diversification strategies to create innovative program services, creative ways to source materials, utilize volunteers and community partnerships, and identify business solutions related to solving societal problems. To continue providing services, it is crucial for nonprofit leaders to maintain adequate financial resources. The purpose of this single-case study was to explore revenue diversification strategies used by 3 leaders of a nonprofit organization in western California of the United States using Markowitz's modern portfolio theory as the conceptual lens. Data were collected through in-depth semistructured interviews and examination of organizational documents, internal archival data, and online databases. Through thematic analysis, 8 revenue diversification themes emerged: adding income streams; establishing practical financial performance measures; establishing operating reserve; achieving financial health, sustainability, and resilience; building organizational capacity; adopting transparency; achieving efficiency and effectiveness; and conducting active surveys. Additionally, 10 recommendations were identified: developing written procedurals, developing a process improvement strategy, engaging in contingency planning, increasing transparency and governance, using metrics for donor attrition and retention, developing and upgrading technology, increasing staff capacity, creating an employee handbook, conducting active surveys to reinforce additional services, establishing performance measures. These findings may have implications for positive social change, including the potential to contribute to nonprofit leaders' models of effective strategies with processes to grow income sources to support organizational sustainability and support a leader's ability to improve and maintain service offerings, while avoiding dependence on single source of revenue.

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## Dedication

I like to dedicate this work to my family, for your unfaltering support and encouragement along the way. To my parents, Lalith and Sobini Heengama, thank you for instilling love for learning in me since early childhood and molding me into the person that I am. Thank you for your help and sacrifices in making my dreams come true. I owe my academic and professional success to you. I always feel your love and benediction. I am grateful to have you as my parents. To my beautiful wife Laxmi, thank you for your patience and for allowing me to commit myself to my never-ending academic pursuits in addition to my entrepreneurial desires. Thank you for your continued interest in my work, for believing in me, and for always encouraging, supporting my dreams. I am grateful for my life with you. To my happy, loving son Sanithu: you are amazing and fill me with liveliness and encouragement every single day. I am so very proud of the child you are, and the person you are becoming. To my sister, Amala: thank you for being my friend and the best sister I could ever wish for. Our laughs and long conversations touch my heart and carry me through the tough times. You are an inspiration to me because you taught me that life is fantastic. Finally, an earnest thank you to all my family and friends for supporting me in getting this paper across the finish line. To my Walden University professors who kept me focused, motivated, and provided valuable feedback, challenging me through the entire process. I am truly grateful.

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## Section 1: Foundation of the Study

Nonprofit leaders often face challenges within organizations, that impact service offerings to the community. From 2007 to 2017, the number of nonprofit organizations has increased, but many senior executives shut down operations due to the increasing costs of operating a business and lack of endowments (Berry & Manoli, 2018). As charitable contributions to nonprofit organizations decline, the success and sustainability of nonprofit organizations depend on the execution of strategies for alternative sources of revenue (Tevel, Katz, & Brock, 2015). I used the 2017-2018 Baldrige Performance Excellence Framework (2017) as a tool to explore strategies some nonprofit senior executives use to secure sustainable funding for their organization from businesses, foundations, and private donations. In compliance with Walden University's consulting capstone, I served as the researcher and consultant for this study performing the role of a scholar-consultant.

### **Background of the Problem**

Investment losses and economic uncertainty have led to declines in charitable giving, both in total and within the nonprofit sector. According to the study conducted by Giving USA Foundation (2018), charitable giving fell a combined 13 % in 2008 and 2009. Charitable giving edged up in 2010 and 2011 with gains of 2.1% and 0.9 %, respectively, but the cumulative effect of such declines was that total charitable giving in 2011 was 10 % below that of 2007. However, Giving USA Foundation (2018) showed a rise in charitable giving for the fifth consecutive year in 2014. Community services groups such as food banks, homeless shelters, youth services, sports organizations, and

family or legal services account for 35% of all public charities (McKeever, 2015; Mitchell & Calabrese, 2018). Community service organizations accounted for comparatively less revenue (12.4% of the total) and expenses (12.7% of the total; National Council of Nonprofits, 2018a). Since nonprofit services differ in their service and product outputs, it is difficult to measure the financial features that are appropriate across widely diverse nonprofit types. Commercial nonprofits get funding primarily through fees from program service, whereas donative nonprofits survive mainly on contributions and grants (Neumayr, Schneider, & Meyer, 2015; Sargeant & Shang, 2016). Leaders of nonprofits operate in different funding structures and environments. Nonprofits' heavy dependence on donations does make their financial resources unstable, given that contributions are often unpredictable and easily subject to sudden changes in the economy (Chikoto-Schultz & Neely, 2016).

### **Problem Statement**

Nonprofit organization (NPO) executives are facing increasing competition for donor contributions due to a declining donor base and an increasing number of nonprofit organizations (Kim, 2015; MacIndoe & Sullivan, 2014). Leaders of nonprofit organizations experience donor attrition rates of up to 60% by first-time donors and a 30% reduction of loyal donor donations (Ramanath, 2016; Wymer & Rundle-Thiele, 2016). The general business problem is that without adequate strategies for building long-term revenue generation, nonprofit executives are unable to overcome financial volatility and increase community services. The specific business problem is that some nonprofit

executives lack strategies for long-term revenue diversification to help ensure their ability to improve and maintain service offerings.

### **Purpose Statement**

The purpose of this qualitative single case study was to explore strategies nonprofit executives use to develop long-term revenue diversification to help ensure their ability to improve and maintain service offerings. The targeted population for this study consisted of three executives of a nonprofit organization in western California who have successfully implemented revenue diversification for continuing and improving services. The implications for positive social change are that nonprofit executives may gain insights for developing and implementing strategies to reduce financial volatility for evolving organizational sustainability to enhance and maintain services offering to the communities and the public they serve.

### **Nature of the Study**

I used the qualitative method to explore a phenomenon by understanding the boundaries between content and context within an NPO setting to help generate thick descriptions to ensure a real-world perspective. Runfola, Perna, Baraldi, and Gregori (2016) supported the use of the qualitative research method to produce and gather information about an observed organizational phenomenon. The qualitative methodology is suitable for the research study because I explored and generated a thick, detailed description of diversification strategies that executives of nonprofit organizations can use to maintain and grow long-term funding sources. Proponents and researchers use the quantitative methodology to test a stated hypothesis and generate results from a sample of

an extensive population to examine relationships or differences among variables (Park & Park, 2016). I did not intend to test hypotheses and examine relationships or differences among variables; therefore, the quantitative method was not appropriate for this study. Researchers use the mixed method to develop an understanding of a phenomenon using a combination of qualitative and quantitative methods. My goal was not to examine relationships among numerically measured variables or to test the predetermined hypothesis; therefore, a mixed methods approach was inappropriate because there was no quantitative component necessary to conduct the study.

For this study, I used a case study design, which is an efficient method to explore a contemporary phenomenon within a real-life background bound by a specific situation or the real-world environment and to generate insights from interviews (Runfola et al., 2016). Thus, the case study design is appropriate for this study. I sought to clarify an understanding of a phenomenon by conducting an in-depth exploration of participants' experiences. Based on Yin's (2018) assertion, researchers can use a case study design when they explore a phenomenon. In phenomenological design, researchers employ human perception, lived experiences, and describe their experiences rather than the strategies of the organization. Therefore, the phenomenological design was not suitable for this research study (Gill, 2014; Woods, Paulus, Atkins, & Macklin, 2016). I did not select an ethnographic design because ethnographic researchers seek to explore the culture of a group in a real-life setting. Since the intent of my study was not to reveal the common elements of culture relating to nonprofit executives, the ethnographic design was inappropriate for this study.

### **Research Question**

The overarching research question was: What strategies do nonprofit executives use to develop long-term revenue diversification to help ensure their ability to improve and maintain service offerings?

### **Interview Questions**

The interview questions for this case study were:

1. What strategies do you use to build long-term revenue diversification?
2. What strategies do you use to secure sustainable funding from donor agencies?
3. How do you measure the efficiency and effectiveness of each strategy for revenue diversification?
4. What were your organization's key challenges and advantages related to implementing revenue diversification strategies to increase income sources?
5. What are your key performance metrics for evaluating the effectiveness and efficiency of your strategies to build long-term diversification to cultivate revenue sources?
6. What are the principal processes your organization uses to implement the strategies for securing and maintaining sustainable funding?
7. What knowledge do you use to support and improve the strategies and processes for securing and maintaining sustainable funding?
8. What skills do your employees need or have to develop to support the strategies for securing and maintaining sustainable funding?

9. What more information you prefer to share about strategies to build long-term diversification to help ensure your ability to improve and maintain service offerings?

### **Conceptual Framework**

Markowitz's (1952, 1991) modern portfolio theory (MPT) was the conceptual lens for this qualitative single case study. Markowitz (1952, 1991) theorized the MPT in 1952 as a holistic method of financial investing based on the identification of underlying economic characteristics. Fundamental concepts such as (a) expected return as desirable and variance of return as undesirable based on market risk, (b) diversified portfolios are preferred to nondiversified portfolios, (c) diversification across different industries, and (d) diversification reduces variance in return. Bowman (2017) postulated that NPO leaders implementing the MPT could improve the efficiency of the streams of revenue generation of the NPOs through diversification. More recently, Aschari-Lincoln and Jager (2016) concluded that portfolio theory has key implications for public financial management because MPT can change revenue stability due to revenue diversification. Markowitz proposed that diversification reduce instability, increases financial predictability for NPOs, and can contribute to the growth of nonprofit organizations (Carroll & Stater, 2009; Kingma, 1993; Searing, 2018). MPT was appropriate for this study because the theory enabled me to understand the findings from my study on diversifying revenue streams for allowing organizational leaders to achieve financial autonomy.

## Operational Definitions

The following definitions aided in understanding concepts used in the study:

*Baldrige Performance Excellence Framework:* A tool used by experienced leaders to address broad management and leadership issues as well as empower them for dynamic business environment that focus on strategy-driven performance, help innovate and improve governance and ethics as well as workforce engagement, social responsibility, competitiveness, and long-term organizational sustainability (Baldrige Performance Excellence Program, 2017).

*Financial capacity:* Measurement in terms of total revenue with unrestricted fund balance (Calabrese & Ely, 2016).

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

*Financially health:* Organization with passable equity balances, sufficient administrative allocations, positive operating margins, and diversified revenue sources, that can provide flexibility during financial downturns (Chang & Tuckman, 1991).

*Revenue diversification:* A risk-reduction strategy to have alternative methods of revenue (Chang & Tuckman, 1994).

*Nonprofit organization:* A business granted tax-exempt status by the Internal Revenue Service (IRS) under the Internal Revenue Code ("IRC") section 501(c)(3). Life Cycle of a Social Welfare Organization (Inland Revenue Service, 2017)

*Sustainability*: Managing the triple bottom line - a process by which companies manage their financial, social, and environmental risks, obligations, and opportunities (Hayman, 2016; Wijethilake, 2017).

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

#### **Assumptions**

Fusch and Ness (2015) defined an assumption in qualitative research as characteristics that a researcher may believe to be true but cannot prove or is unverified fact. There are five assumptions, that impact this study. First, I assumed my study participants provided candid, honest, transparent, and forthright responses to all interview questions. Second, I assumed the client leader would provide access to supporting documents and data. Third, I assumed that a sample size of the nonprofit senior leaders from a single nonprofit organization in western California was adequate. Fourth, I assumed that using the 2017-2018 Baldrige Performance Excellence Framework and its criteria as a tool to evaluate the client organization provided a structured perspective for the evaluation of the research question. Lastly, I assumed that single-case study design was the most appropriate.

#### **Limitations**

Limitations refer to uncontrollable, potential weaknesses that may have an impact on a study (Roy, Zvonkovic, Goldberg, Sharp, & LaRossa, 2015). In this study, there were five limitations. First, using a single-case study design may decrease the generalizability of results because of the small sample size of nonprofit senior leaders. Second, a personal bias by participants to recall experiences may limit the depth of

information collected. Third, the limited number of respondents, who use successful tactics to secure sustainable funding for their nonprofit organizations restricted the breadth of viewpoints and experiences shared. Fourth, my skills as an interviewer may limit the information collected from participants. Fifth, I assumed that some participants maintained discretion when answering questions about aspects of the nonprofit organization, such as financial information or business failure.

### **Delimitations**

Hughes and Foulkes (2015) and Yin (2018) defined delimitations as the boundary and scope of the study or focus area. In this study, I focused on exploring the diversification strategies of nonprofit organizations in western California. I used data triangulation for data derived from interviews and the review of documents, which included an analysis of performance outcomes data, to address limitations. Additionally, delimitations included the research question, the conceptual framework used, and geographic region included in a research study. The researcher makes the explicit choice to include or exclude the delimitations of a study. To provide the parameters of this qualitative, single-case study, I used the study population and sample size of three senior leaders of a single nonprofit organization in western California, leaders who had used strategies to successfully secure sustainable funding for their nonprofit organization.

### **Significance of the Study**

The findings from this study are of potential value to the practice of business because nonprofit leaders who face financial challenges could use revenue diversification strategies to strengthen nonprofit organizations by reducing financial risk, growing

income sources, and improving organizational sustainability (von Schnurbein & Fritz, 2017; Zhu, Ye, & Liu, 2018). NPO executives frequently struggle with reductions in funding as well as diminishing donor retention, which may affect funding sustainability (Tevel et al., 2015). Effective strategies to secure sustainable funding from donor agencies could benefit NPOs by decreasing the probability of business failure by reviewing or adapting the results of this study.

### **Contribution to Practice**

This study may have significance for business practice because nonprofit leaders can use the findings to develop a better understanding of potential strategies for improving desirable income sources. Diversification of sources of resources could reduce volatility (Mataira, Morelli, Matsuoka, & Uehara-McDonald, 2014). Kim (2015) and Zhu et al. (2018) claimed that revenue diversification is effective for reducing variance in income stability and reducing financial vulnerability. Moreover, Weiwei and Qiushi (2016) emphasized that mechanisms such as diversification are desirable for nonprofit leaders during times of deteriorating fiscal conditions.

### **Implications for Social Change**

The implications for positive social change include the potential to contribute to nonprofit leaders' models of effective strategies with processes to grow income sources for organizational sustainability (Ceptureanu, Ceptureanu, Bogdan, & Radulescu, 2018; Lin & Wang, 2016; Tevel et al., 2015); this could increase a leader's ability to improve or expand community services. Communities and citizens could benefit from the evidence that supports the use of revenue diversification strategies.

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

We used a qualitative single-case study to explore what strategies nonprofit executives use to develop long-term revenue diversification to help ensure their ability to improve and maintain service offerings. To identify the literature for the review, we used the following database: Google Scholar, ProQuest Central, Academic Source Complete, Business Source Premier, Emerald, Gale, Pearson Education, Sage Journals, and Science Direct. Key terms used in my search included *nonprofits*, *sustainability*, *sustainable practices*, *funding for nonprofits*, and *substantial funding for nonprofits*. We included the following topics in the literature review: financial diversification, resource dependency, voluntary services, social need, growth, challenges, funding qualifications, donor retention, the sustainability of nonprofit organizations, innovation in the nonprofit sector, and the profile of a sustainable funding source.

Using Markowitz's (1952, 1991)'s MPT, I explained the rational decisions of the market information along with three research findings from authors who adapted the modern portfolio theory to NPOs—Carroll and Stater (2009), Grasse, Whaley, and Ihrke (2016), and Kingma (1993). Charles and Kim (2016) believed that increase competition for financial resources compel nonprofit executives to innovate successful strategies and techniques to add revenue sources, once such technique NPO leaders can adapt to bring in multiple sources of revenue is revenue diversification. Nonprofit revenue researchers Carroll and Stater (2009); Chang and Tuckman (1991, 1994); Charles and Kim (2016); Grasse et al. (2016); de Los Mozos, Duarte, and Ruiz (2016) referred that revenue

diversification convey creating revenue from diverse types of sources in addition to growing opportunities in income streams.

The conceptual framework using MPT theory is a complementary approach, designed to maximize the advantages and minimize the disadvantages. My findings could offer valuable insight into how to use the conceptual theory to advance viewpoints into the financial decision-making process of senior executives of NPOs. In the following sections, I explained how the MPT theory can generate revenue streams and how to examine income come selection in the nonprofit sector. The literature-assembling process included peer-reviewed articles, books, and websites. To ensure compliance with the DBA 85% rule, I consulted over 278 academic sources, of which 94% were peer-reviewed sources published within 5 years of the anticipated completion of this study. I used 186 distinctive sources referenced in the literature review, 160 (94% of the sources cited) were recent (100% peer-reviewed research articles) sources published from 2015-2019. I used 335 articles and four books published in or after 2015 (Table 1).

Table 1  
*Literature Review Sources Content*

Literature review content	Total #	# between 2015-2019	% between 2015-2019	% peer-reviewed	% total peer-reviewed/ authoritative sources 2015-2019
Peer-reviewed articles	334	318	95%	100%	100%
Nonpeer-reviewed articles	0	0	0%	0%	0%
Seminal works (Peer-reviewed)	2	0	0%	100%	0%
Books (Seminal works)	4	0	0%	30%	0%
Dissertations	0	0	0%	0%	0%
Online resources (Authoritative)	2	2	100%	100%	100%
Total	342	320	93%	99%	95%

### **Modern Portfolio Theory**

I used Markowitz's (1952, 1991) modern portfolio theory (MPT) as the conceptual framework for this study. Using MPT as a lens could aid in understanding strategies nonprofit leaders use to develop a portfolio, generate significant returns, manage risks, develop a capital reserve, and a generate a sustainable future for the nonprofit leaders and organization as also implied by Sloan, Grizzle, and Kim (2015). Sloan et al. (2015) suggestions were postulated on a previous study conducted on the impact of operating reserves levels that can aid nonprofit organization leaders in alleviating periods of fiscal stress. Using a data sample from a 6-year (1998-2003) time frame, the authors explored the affiliation of operating reserves with corporate demographics and financial health variables using an unbalanced panel regression model containing 460,437 annotations. The authors established a positive association between

operating reserves and profit margin, administration ratio, operating margin, and organization age. Conversely, the size of operating reserves is negatively related to the leverage ratio, donations, and organization size. Revenue diversification, though, showed a mixed relationship with operating reserves among different forms of nonprofit indicating complexity in risk-reducing strategy.

More specifically, researchers have used the theory to create a guideline on how nonprofit executives should build their revenue streams of the portfolio based on market information, loss aversion of time and money, and the strategic quest of future opportunities to help move quicker to sustainability. For example, Markowitz (1952, 1991) theorized portfolio selection, also known as the (MPT) as a holistic method of financial investing based on the identification of underlying economic characteristics. The organizational constraint depended on the concentration of the resources provided an understanding that environmental conditions of scarcity and uncertainty influenced the behavior and availability of resources (Grasse et al.,2016). Grasse et al. expanded Kingma's (1993) seminal work on nonprofit revenue portfolio by using Markowitz's theoretical model to study nonprofit revenues beyond identifying the efficient frontier. Grasse et al.'s assessment relied upon data from the National Center for Charitable Statistics (NCCS), the authors used data from the Internal Revenue Service (IRS) Form 990 tax returns filed by 501(c)3 nonprofit organizations, providing detailed financial information for more than 300,000 nonprofit organizations for the years 1998 to 2003. By using portfolio theory, Grasse et al. used three primary statistical measures to understand the relationship between risk and return. The authors determined that overly generalized

debt of revenue diversification could lead to nonprofits astray. Thus, relying on one source of revenue is undoubtedly risky, but the risk is not the only consideration when managing revenues.

There are several assumptions used in understanding the MPT, concerning the behavior of investors and financial markets based on finding of Markowitz (1952): For example, a distribution of probable returns based on a holding period estimated by investors. Next investors have single-period within the diminishing marginal of wealth. The third is variability used by investors to measure risk on possible values of return. Next investors care about the mean and variance of the return and their portfolios over a period of time. Expected return and risk is the measurement of probable returns, expected value, and variance. Only in financial markets that are considered frictionless provide investors with positive returns while avoiding any risk. Revenue diversification is originally derivative from the modern portfolio theory (Markowitz, 1952, 1991), a fundamental tenet is that investors goal is to maximize the expected rate of return and minimize risk by striking the accurate blend of various assets in the portfolio. MPT is predominantly an investment theory paradigm under which the financial portfolio managed and whose purpose is to maximize a portfolio's expected return by altering and selecting the proportions of the various assets in the portfolio (Parker, 2016). Markowitz (1952, 1991) discussed in the theory that price is always equal to the value and that by increasing risks returns can also increase, which he referred to as the efficient frontier. Thus, explaining the best possible diversification. Markowitz (2014) expounded that MPT enables end users to create revenue diversification through asset class allocations

that correlate with each other through mean-variance optimization (MVO). However, adding additional assets may result in lower returns and increase risk instead of taking away risk would result in lower returns (Wise, 2017). Prior scholars have found evidence that nonprofits with funding source experience resource dependence and may influence portfolio diversification (Shea & Wang, 2016; Verbruggen, Christiaens, Reheul, & Caneghem, 2015) and nonprofit strategy (Bowman, 2017). Nonprofits leaders can proactively safeguard their organizational autonomy through mitigation strategies that include revenue diversification (Grasse et al., 2015).

Under the MPT paradigm, Markowitz's (1952, 1991) created a method that investors can practice concepts ostensibly to be rational decision-making processes leading to investment with maximum return with minimal risk. Efficient allocation of capital is a concern for funders and in a world of limited resources, making maximum use of the resource available considered perfectly rational (Mataira et al., 2014). In his work, Markowitz also added that funders understand reward as expected to maximize return and minimize risk as portfolio variance or standard deviation (Li, Wu, & Zhou, 2017). Markowitz 's approach towards MPT provided an expert toolbox to deal with questions of portfolio risk, asset selection, and portfolio optimization (Duquette, 2017). Parker (2016) pointed out that an investor should seek to minimize variance while maximizing returns and optimizing the risk-reward trade-off with an investor's utility. Parker tested goal-based portfolio optimization approach by using annual return data from 1927 to 2015 for four assets: the S&P 500 Index, three months U.S. Treasuries, ten years U.S. Treasuries, and gold. Thus, the results indicated that goals-based investors could increase

their wealth and reduce their probability of failure by adjusting their optimization procedure.

**Systematic risk and unsystematic risk.** Based on this analysis, modern portfolio theory highlights two types of risk: systematic risk and unsystematic risk. Systematic risks are not industry-specific, triggered by the economic changes to the market. Such changes to the market comprise government policy changes, interest rates, money supply, taxation, exchange rates, commodity prices, government spending (Biswas, 2015; Shon, Hamidullah, & McDougle, 2018). Researchers noted that beta analysis of the stock would present a diverse response to the market index; low beta would result in a smaller effect from the market variations for the stock as well as a strong response to the market volatility result during high beta (Light, Maslov, & Rytchkov, 2017). Light et al. (2017) proposed a approached estimating expected returns on individual stocks from a large number of firm characteristics. The researchers result provided evidence of commonality in asset pricing anomalies.

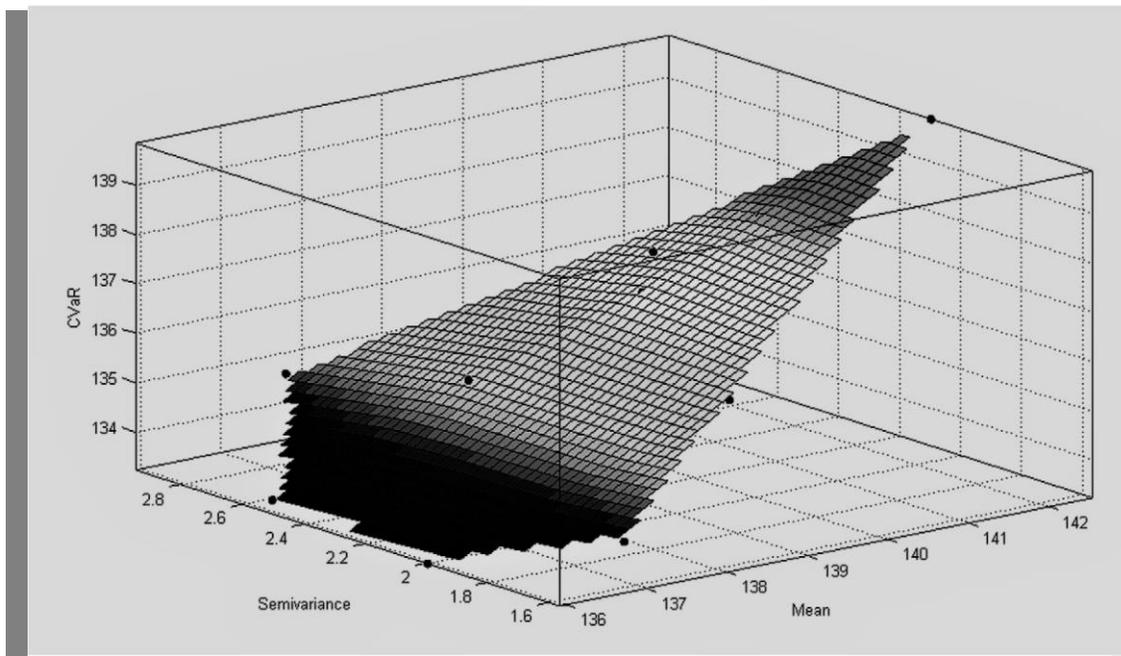
Additionally, avoiding systematic risks is difficult and identified certain risks. Biswas (2015) implied that beta representation average is the sensitivity of the stock has with the market return, where betas computed concerning a discount factor. Systematic risks affect at the macroeconomic level and diversifying a portfolio or asset class would not eliminate market risk (Babenko, Boguth, & Tserlukevich, 2016). Biswas (2015) defined unsystematic risk as industry-specific risks and are, therefore, diversifiable. Biswas considered two types of portfolios – diversified and non-diversified, each of the portfolios consisted of six securities, which were randomly selected frequently traded

securities during the period 01 January 2009 to 30 June 2014. Using daily returns on the stocks, Biswas identified diversifications reduce not only the risk of the entire portfolio but also increase the return of this portfolio.

Unsystematic risks are as changes within a company or industry, new product innovations, ownership changes, investment, regulatory noncompliance, and competitors that are an avoidable risk, and non-market risks (Droj, Iancu, & Popovici-Coita, 2016). Wise (2017) implied that a well-diversified portfolio could yield more returns due to the balancing of unsystematic risks of each type of investment and industry. More, Markowitz (1952, 1991) decreed that diversifying revenue streams would alleviate unsystematic risks over a long-term investment period.

***Efficient frontier.*** The investment strategies of an investor should achieve on the efficient frontier of the maximum return and minimal specified risk (Markowitz, 1952). Markowitz (1952, 1991) determined an efficient frontier as the set of portfolios of representation of the combination of a range of revenue streams found by minimizing risk (variance) as you vary the desired return. Markowitz's approach has become the core decision engine of many portfolio analytic and planning systems in constructing efficient frontiers, combinations under conditions of uncertainty. Markowitz's standard MPT model assumes a perfect market without transaction costs or taxes in which short selling is not possible, but assets are infinitely divisible and tradeable in any non-negative proportion. The mean-variance formulation in multiportfolio selection determined the optimal portfolio policy and logical expression of the mean-variance inefficient frontier as displayed (Figure 1). However, the efficient frontier has friction due to environmental

changes in the market and course volatility. The standard deviation of risk is volatility, the higher the risk, the higher the investment's volatility with lower return (Chen, 2016; Esfahani, Sobhiyah, & Yousefi, 2016).



*Figure 1: Efficient frontier depicted graphically from “Efficient frontier obtained for hybrid algorithm in 7 stages and 10 stocks problem depicted graphically”, by A. A. Najafi and S. Mushakhian, 2015, *Applied Mathematics and Computation*, 256, pp. 445-458. Copyright 2015 by the Authors and Elsevier Inc. Adapted with permission*

Empirical basis provides financial measures from which nonprofit researchers and enthusiastic executives can approximate financial health, organizational capacity, and performance (Prentice, 2016a). These procedures used in nonprofit research to predict organizational activities and funding opportunities (Zhai, Watson, Gilchrist, & Newby, 2017). Thus far, a gap exists in the evidence to understand what these measures assess and whether they capture underlying concepts in the assumptions (Prentice, 2016a).

### **Nonprofit Organizations Leaders' Adaptation to MPT**

As the founder of the MPT, Markowitz (1952, 1991) focused on the analysis and an understanding of the funders and their choice between risk and returns on investment. Consequently, Markowitz's analysis suggests that the funded organization, including NPOs, also must evaluate the sources of a portfolio of funding they would accept. By diversifying funding sources, a nonprofit can avoid drastic revenue downturns in the event of withdrawal or decline of one precise income source by increasing revenues from other sources. Thus, maintaining multiple funding bases creates a safety net for nonprofits. Several researchers supported the view that diversified revenue bases decrease the possibility of a nonprofit to become susceptible financially (Carroll & Stater, 2009; Chang & Tuckman, 1994). Whereas other researchers such as Kingma (1993), Carroll and Skater (2009), Mayer, Wang, Egginton, and Flint (2014), and Grasse et al. (2016) adopted the application of modern portfolio theory to nonprofit organizations (NPO) as a strategy to improve sustainability, while minimizing funding unpredictability, and risk. Nonprofit revenue researchers more refined and expanded MPT upon not long after to conclude that neither complete dependence nor the complete diversity of income was able to reduce the variability of income in NPOs completely (Bowman, 2017). While most of the empirical researchers are prolific in critiquing models of organizations that rely too severely on one source of funding, Froelich (1999) highlighted that greater fund heterogeneity reduces the vulnerability of an organization, the opposite extreme of excess diversity in funding also creates resistance for organizations. Froelich examined examines the effects of three major revenue strategies such as private contributions,

government funding, and commercial activities. The research conducted by Berry and Manoli (2018) on multiple alternative revenue streams performed with a sample size of interviews undertaken between June 2016 and March 2017, covering these 13 national governing bodies of varying size and characteristics found that a cumulative number of revenue streams led to increasing complexity and required a more substantial number of administrative resources to deal with that complexity, driving costs higher. According to Chang and Tuckman (1994) and Chang, Tuckman, and Chikoto-Schultz (2018), the risk is inherent when executives rely on a stream of a single revenue source. Najafi and Mushakhian (2015) stated that Markowitz's financial portfolio theory had made revenue diversification the most prominent and accepted ideas in finance.

Moreover, when Duquette (2017) focused on the problems experienced by multistream funded organizations, the researcher identified issues such as external sources exerting pressure to influence the choice of strategy or aim, thus limiting the ability of the organization to act in the interests of the community it serves, and consequently compromising its representativeness. When one these funding sources is the government, Lu (2015;2016) pointed out that there may be unconscious competition among the funding sources, increasing the pressure for the funded organization, and potentially crowding out other funding avenues, especially private philanthropy. A crowding out effect does not exist either between public funding and commercial income or between commercial and voluntary income (Rutterford & Sotiropoulos, 2016), suggesting that NPO executives can attract multiple diverse sources of income simultaneously. They also suggested that the potential to crowd-in different sources of

income, such as donations and sponsorship, through the attraction of public subsidies supported through the study of non-profit organizations. While there are several revenue streams available to NPOs, such as philanthropy, grants, and internal revenue generation through a thrift shop, the avenue theorists most widely apply the attraction of sponsors (Berry & Manoli, 2018). Researchers expressed to focus on recognizing factors that affect the attractiveness of propositions to sponsors as practically no corporate donor would view it as a philanthropic undertaking but would have the return on investment as their primary marker of success and judge opportunities on criteria to ensure the highest return possible (Duquette, 2017). However, the use of new revenue, legitimation, or retrenchment strategies was associated with the reduction of uncertainty for some types of nonprofit organizations but not for others (Duquette, 2017). The researchers that examined academic literature found that funding strategies for nonprofits with drawbacks and benefits (Wijethilake, 2017). Wijethilake (2017) examined the extent corporation leaders used sustainability control systems (SCS) to translate proactive sustainability strategy into corporate sustainability performance. Survey data were collected from senior leaders in 175 multinational and local organizations operating in Sri Lanka using analyze partial least squares structural equation modeling (PLS-SEM). The author's suggested that a proactive sustainability strategy is positively associated with SCS and corporate sustainability performance, and SCS are positively associated with corporate sustainability performance.

Authors Hayman (2016), and Mitra and Moldavanova (2018) conveyed that multiple sources of income are preferred to avoid high dependency with associated risks

but are nonetheless challenging to acquire. Kingma (1993) elaborated the importance of interdependencies of NPO stewardships revenue sources that reduce the advantages of diversification. Without diverse funding sources, senior executives of NPOs could look for prospects of collaboration and donations (Ogliastri, Jäger, & Prado, 2016), NGOs employ different strategies to diversify their funding sources to avoid becoming too much dependent on any single source (Berry & Manoli, 2018).

Organizations with multiple revenue sources are more likely probable to survive financial shockwaves than those with few revenue sources (Grasse et al., 2016). Chang and Tuckman (1994) defined revenue diversification regarding revenue concentration share that each revenue source represents of the total revenue. The higher number of revenue concentration is positive associate with nonprofit financial vulnerability, which in turn means lower financial vulnerability or higher financial health. Revenue utilization from multiple sources and diversification strategies create a favorable position that is less dependent upon any single source. Additionally, for NPO leaders that heavily depend on funding streams that concentrated in a limited number of sources likely to lead to a significant budget shortfall, when a decline occurs in revenue from one source (Daniel & Kim, 2018; Khodakarami, Petersen, & Venkatesan, 2015). When unbalanced revenue draws proportionately from multiple streams, a decline in funding from one source may offset by an increase from another. In the latter scenario, the total risk to the institution decreases when actual revenue remains close to the amount of anticipated revenue (Markowitz 1952, 1991). For an optimal nonprofit revenue mix, Markowitz's portfolio theory emphasizes financial stability through diversification over several revenue sources

(Mayer et al., 2014). By analyzing a dataset of 294,543 nonprofit organizations from a period of 1991-2003, Carroll and Stater (2009) found that researchers agree that to balance the shortfalls; the portfolio must contain revenue sources that are independent of each other. The axiomatic reason for NPO leaders to increase their financial resources is the continuing pursuit of their charitable missions (Froelich, 1999), although, leaders of NPOs face several challenges to their financial management. In the nonprofit sector, portfolio diversification means stakeholders aggressively seeking different and unrelated revenue streams to hedge the risk of unforeseen economic uncertainty and building an adequate operating reserve (Grizzle, Sloan, & Kim, 2015). Hinton and Maclurcan (2017) argued that portfolio diversification consists of acquiring assets, securities, and other revenue generating options such as investments to improve overall wealth generation or maximize profits.

**NPO financially health and mission.** Based on Charles and Kim (2016) research, senior leaders of NPOs have a responsibility to ensure there is sufficient revenue acquired to make an impact on the social mission while covering all administrative and operating cost. The ability of senior nonprofit executives to assess which revenue streams to pursue is essential to the financial health and financial health of the nonprofit business (Lam & McDougale, 2016). Lam and McDougale (2016) determined the financial health of the nonprofit business by conducting a study using financial health data drawn from IRS Form 990. The organizational level data sets from the NCCS for nonprofit human services organizations (HSOs) in San Diego County for fiscal years 2005, 2006, and 2007, the combined sample for all three years was 2,343 organizations.

The researchers indicated that variation exists in four of the six outcome measures, and that contextual effects partially explain these variances.

Lack of understanding regarding market conditions as well as allowing personal bias to intervene would cause nonprofit leaders to make meager decisions and waste constrained resources. Michaelido, Miceevski, and Cadogan (2015) and Michaelidou, Micevski, and Siamagka (2015) classified that NPO performance capacities such as elevation of brand image, social awareness, and donor buy-in can invigorate the fundraising to increase revenue for long-term sustainability. Grasse et al. (2016) emphasize that senior executives seeking to increase revenue sources can incorporate the principles of MPT by understanding the return, risk, and the correlation between them. Khodakarami et al. (2015) and Ramanath (2016) expressed that fundraising leaders of NPO who plan to increase revenue streams need to identify a negative correlation between the new revenue stream and a major donor that have gifted significant funds and believe that the senior executives of the nonprofit business are striving towards its mission. Charles and Kim (2016) claimed that NPO leaders that recognize the unpredictable and sensitive relationship between donor's belief would generate positive relationships to stabilize and increase the amount of total revenue.

**Present day relevance of MPT.** Modern finance considers MPT as the cornerstone theory for asset allocation; portfolio managers have relied on the theory to help them decide which assets they should place in the portfolio. At the time, the theory represented a major scientific breakthrough as well as pioneering work by Markowitz's mean-variance modern portfolio theory remained ubiquitous in the investing world

despite some criticism, and debate (Li et al., 2017). Loviscek (2015) showed that the mean-variance portfolios outperformed the market during the period 2000 through 2009, which included the period when the stock market plunged 777 points in intra-day trading in 2008, and the Standard & Poor's 500 rate of return became negative. Essentially, based on the principle of MPT that showed allocation in the range of 5% to 15%, portfolio risks reduced while preserving portfolio returns across the bear and bull markets of the 21st century (Bosch-Badia, Montllor-Serrats, & Tarrazon-Rodon, 2017). Notably, automated portfolio managers such as Robo Advisors used algorithms that used MPT and its underline methodology to provide advice on an asset allocation that suggests minimizing risk and provide to average returns (Beketov, Lehmann, & Wittke, 2018). Diversification across sources of returns and risks is one of the most important goals of quantitative portfolio management (Black & La Venture, 2017). By allocating capital across a group of investments, the alternative is a simple approach to achieve diversification (Najafi & Mushakhian, 2015). Distributing the risk equally across the different investment strategies or securities using a risk parity approach in portfolio construction would provide overall portfolio risk diversification. Silva, Pinheiro, and Poggi (2017) exemplified the transformational works of Markowitz on the portfolio optimization field and stressed that derivations from it are still used to construct almost every portfolio. Albeit revolutionary, Silva et al. showed that Markowitz's work has some major drawbacks in practical applications. The distributions of returns are asymmetric and typically have excess kurtosis in practice variances as a risk measure. Consequently, Markowitz work has been widely criticized by experts due to its symmetrical measure,

which equally weights desirable positive returns and undesirable negative ones (Lwin, Qu, & MacCarthy, 2017). Markowitz recognized the inefficiencies embedded in the mean-variance approach and showed the semivariance risk measure in order to measure the variability of returns below the mean (Silva et al., 2017).

Despite such drawbacks diversified revenue streams in nonprofits would create sustainability and stability against the uncertainty of the economy and aid in the resilience against the increasingly volatile environment (Kolm, Tütüncü, & Fabozzi, 2014). Daniel and Kim (2018) specified that senior executives of nonprofit organizations need to pursue alternative strategies to expand earned revenue for multiple reasons such as to secure financial sustainability, to improve and maintain service offerings by diversifying revenue streams as well as to maintain more control over resources.

### **Alternative/ Rival Theories of the Conceptual Framework**

Scholars of different disciplinary perspectives have studied funding strategies in NPOs. Some of these theories support the idea of the revenue of diversification and others refute the advantages of income heterogeneity. The alternative theories considered in the study include revenue concentration, resource dependency, general systems, benefit theory, path dependency, and trade-off and pecking order. Resource dependency and benefit theories support the diversification than to a single revenue concentration strategy for sustainability.

**Revenue concentration.** As alternatives to the MPT, revenue concentration is inverse of diversification that encourages optimize revenue sources to reduce overhead expenses and provide a higher increase in a financial capacity. Agility in nonprofit is in

its ability to reacting to environmental changes that primarily determines its success in fulfilling one's mission. Nonprofits continuously face financial instability, primarily due to their dependence on third parties for funding (Carroll & Stater, 2009; Froelich, 1999; Grasse et al., 2015). There are instances that weak performance or financial mismanagement lead to a reduction in revenues, financial shocks, changes in individual donor preferences often occur from nonprofits, availability of institutional grants, changes in criteria of charitable foundations, or a loss of government support due to socioeconomic and political capriciousness. Advanced quality of an organization's services does not reflectively translate into increased contributed income. Therefore it is essential for nonprofit leaders to understand factors that influence their organization's ability to provide services without interruption (Charles & Kim, 2016). Nonprofit revenue researchers advocating schools of thought on revenue generation dominate the literature on nonprofit and provided evidence gathered during the investigation carried by Frumkin and Keating (2011) by using sample of 8,828 US nonprofit organizations drawn from the statistics on income (SOI) office panel over 12 years, for a total of 56,870 firm-year observations. Frumkin and Keating's suggested that leaders, which concentrated their revenue sources, exhibit significantly greater efficiency.

The revenue diversification strategy benefits seem to offset its less favorable consequences. Advocates of revenue concentration such as Chikoto-Schultz and Neely (2016), von Schnurbein and Fritz (2017) pointed out the significant difference of revenue concentration and diversification is financial capacity for growth verse the financial stability during economic volatility due to idiosyncratic risks. NPOs executives that focus

on one primary source of funding rather than diverse sources of funding strategy such as revenue concentration optimizes growth in financial capacity. When NPO researchers such as Chikoto, Ling, and Neely, (2016), Mitchell and Calabrese (2018) and Calabrese and Ely (2017) measured revenue concentration versus diversification using the Herfindahl-Hirschman Index (HHI) based on how concentrated or evenly distributed a nonprofit's revenue in identified categories, these researchers determined by using a data set including over 200 Swiss fundraising charities, organizations that displayed more revenue concentration grew stronger between 2005 and 2012. The aim of von Schnurbein and Fritz (2017) survey was to understand the degree of influence revenue diversification had on financial growth and to identify distinct drivers of revenue diversification in NPOs. Revenue concentration strategy consistently had higher financial growth for NPOs and maintaining a primary source of funding instrument is a desirable strategy to reduce the administrative burden and costs from managing multiple complex relationships with compliance requirements of funders (von Schnurbein & Fritz, 2017). NPO executives, nonetheless, often need to satisfy the funding goals of the primary donor and be heavily dependent on the primary sources for its existence. During challenging economic times NPOs dependence on one source of revenue would also influence their ability to effectively provide services to its community (Weiwei & Qiushi, 2016). By diversifying funding instruments, a nonprofit can avoid dire revenue downturns in the event of withdrawal or decline of single income source by increasing revenues from other sources. In other words, maintaining several funding bases creates a safety net for nonprofits during revenue uncertainty.

**Resource dependence theory.** Seminal analyses of Pfeffer and Salancik (1978, 2003) suggested in the resource dependence theory (RDT) are to study nonprofit organizations survival with the ability to acquire and maintain resources and sustainability of funding. The viability of organizations depends on their ability to acquire constrained resources and cope with environmental contingencies (Moldavanova & Goerdel, 2018). Pfeffer and Salancik (1978) proposed that firms can enact to minimize environmental dependences on scarce resources. Kim and Kim (2015) expressed that resource dependency theory is the framework in which organizations gather to secure critical resources that critical to the survival and growth to reduce external pressure and uncertainty. Kim and Kim conducted a study to determine whether the concepts and theories developed by Western societies successfully explained nonprofit growth by analyzing 40 years of political, economic, and sociodemographic data in South Korea. The authors' results showed that the government-nonprofit relationship in South Korea has been mutually interdependent and reciprocal.

Organizations possessing necessary resources are in a stable position, whereas the organizations depending on others for resources are vulnerable to control (Lecy & Searing, 2015). Thus, according to the theory, unless the self-abundance is possible, those organizations become reliant — organizational executives that practice resource dependency strategy motivated to reduce resource uncertainty, which accomplishes primarily by managing dependencies and obtain financial resources. Nonprofits leaders are authorized to raise revenue through donations and commercial activity. Many nonprofits leaders also rely heavily on government funding; therefore, declining state

revenue due to economic volatility effect NPOs reduction in revenue while the costs rise. Resource dependency explores three key themes: (1) environmental effects on organizations; (2) organizational efforts to manage environmental constraints; and (3) how environmental constraint affects internal organizational dynamics (Pfeffer & Salancik, 2003). Researchers such as Powell and Rey (2015) contended that by leveraging the resource dependency theory framework, organizations could formulate a strategy to increased resource capacity. The authors noted that when leaders use the strategy, it would enable to increase the likelihood of organizational change, organizational survival and sustainability, and adaptation in response to external forces and environmental changes (Pfeffer & Salancik, 1978, 2003), based on analysis conducted on 990 housing nonprofits in 26 states and public funding environment variables for each of those states from 2008 to 2010 (Shea & Wang, 2016). Organizational executives can manage uncertainty based on the power of connection of external interdependencies.

Changes in the diversification of funding sources in NPOs affect its ability to attract resources. NPOs depend on different incomes and relationships with external institutions to develop their activities for community services (Kim & Kim, 2015). Executives of the NPOs must achieve the mission and keep the organizations financially afloat with a specific revenue model. In the non-profit sector, business cycle fluctuations affect revenue streams leading with relative proportions of the different funds that the organization attracts (Powell & Rey, 2015). Income source such as charitable

contributions, government funding, and commercial incomes creates a different level of dependency on external agencies (de Los Mozos et al., 2016).

NPOs stewards may compromise independence and strategic integrity when they obtain commercial resources for noncore activities as well as face challenges when charitable donations fluctuate annually, and government grants reduced by the bureaucratic burden (Hung & Hager, 2018). Hung and Hager (2018) analyzed 40 studies reporting 296 statistical effects validated a positive result, which is a statistically significant association between revenue diversification and nonprofit financial health. Bacq and Eddleston (2017) espoused that NPO executives need to raise funds according to two essential values such as reliability and autonomy. Bacq and Eddleston argued that social enterprise's scale of social impact depends on its capabilities to engage stakeholders, attract government support, and generate earned-income. Bacq and Eddleston tested the hypotheses on a sample of 171 U. S. based social enterprises. The researchers suggested these relationships are contingent upon stewardship culture and compensate for low abilities to attract government support and to generate earned income. De los Mozos et al. (2016) outlined that NPO executives expect reliability when the annual revenues can be predictable and stabilized through manage resource dependency to preserve autonomy. De los Mozos et al. explored the effects of revenue diversification on fundraising efficiency by using a sample of 10358 US nonprofits during the 1997–2007 period. Consequently, de los Mozos et al. emphasized the benefits of a diversified portfolio of funding sources. Autonomy depends on the degree of necessity of NPO executives on suppliers of funds to develop sustainability in their

mission and program. NPO executives can make strategic decisions using the RDT to cope with economic downturns and deficits. Resource scarcities influence an NPO to become less impinge autonomous in pursuit of its goals and more reliant on external organizations' affairs. Therefore, the NPOs execution of social mission influences routine apprehensions of the acquisition of resources and interdependent of the external organizations.

Researchers of RDT emphasizes the idea to manage dependencies and preserve autonomy; it is necessary to diversify income streams (Powell & Rey, 2015). Revenue diversification has maximized the resource independence of NPOs by having a wide variety of income streams seems good to reduce the risk of losing any single source of resources. Khieng and Dahles (2015) indicated that revenues should come from diverse sources so that the managers of NPO does not become overly dependent on public grants, private gifts, fees, or any single resource. In an early study, Chang and Tuckman (1994) emphasize that organizations that rely mainly on donations are vulnerable to greater unpredictability.

Chang and Tuckman (1994) found that NPOs produce multiple revenue sources, greater surpluses than concentrated revenue for non-profits. Nonetheless, specialization in a single dominant source can be a way of concentrating efforts on quality service and longevity. The key to organizational survival is to acquire and maintain essential resources, which arises dependency relationship between resources suppliers and users. According to the resource dependency theory, nonprofits use sufficient income as a replacement for lost government grants and private donation revenue. Drawing on the

theory, Khieng and Dahles (2015) maintained that when public and private supporters falter, one of the strategies NPOs pursue is the use of market approaches to generate revenue. Growing competition and uncertainty for limited resources such as donations, sources with mixed-income heterogeneity has increasingly considered a sensible strategy for reducing unpredictability and increasing organizational stability and financial strength in existing economic and political environments (Chang & Tuckman, 1994).

De Los Mozos et al. (2016) asserted that increased diversification leads to a higher operational inadequacy that could be penalized by potential donors. The researchers of RDT provided diminutive help in addressing some of the overarching questions for the nonprofit sector, the degree of agency that nonprofit organizations have to change what their donors demand. Financial health is crucial to the continued existence and operation of any organization (Chikoto & Neely, 2014). It is essential for NPOs because productive endowed assets are left idle due to insufficient revenue to sustain operational costs.

**General systems theory.** Ludwig von Bertalanffy was the originator of the 1928s concept of systems theory and is considered the forefather of the general systems theory (GST) (Rousseau, 2015). A key idea of von Bertalanffy's general systems theory, which he identified as a tool used for many problems, that can propose a different vision of nonprofit commercialization. Application of the systems theory confirms the importance of synergy in organization development, personal groups, personality, and technological devices von Bertalanffy (1950, 1953). Researchers and professionals in leadership used systems theory to examine the relationship between the organization and its environment.

Systems theory used in business, social concepts, career development, sciences, and management (Malecic, 2018; Patton & McMahon, 2015). Various components of systems theory used to gain an understanding of the financial sustainability strategies for NPOs. Sayin (2016) stated that the goal of systems theory is to discover a pattern or set of principles that help to improve processes such as financial sustainability. Caws (2015) argued that GST is singular, that is, the theory of a system that would hold the diversity of the sciences and include the systems that would repeat themselves at various levels of complexity. Based on von Bertalanffy (1950, 1953) the researcher can use GST to help define the most efficient method for senior organizational executives to achieve a common goal, which he described as the applicability of the GST to people and organizations.

Von Bertalanffy (1950, 1953) often encouraged identifying an individual as an essential component of social organizations; von Bertalanffy emphasized broadening the system through evaluating the process of examining goals or problems from the global perspective and a variety of lenses by focusing on emerging and innovative ways to establish relationships and achieve sustainability. More recently, in 2017, the use of GST in understanding biological processes as well as to explore the relationships between two communities of practice or the interaction between two systems. The constructs of GST align with the attempt to explore sustainability strategies that help NPO senior executive to remain operational or an extended period. Vaceková, Valentinov, and Nemeč (2017) argued that nonprofit senior executives could use an open system approach to show commercialization strategy for NPOs, which is essential for them to sustain their

operations, which can split into (1) mission-related operations and (2) donations acquisition that includes philanthropic contributions and volunteering. GST as an open system, maintaining that nonprofit senior leaders often struggle in an environment where the supply of critical resources is low. Nonprofit decision-makers secure the resource required in expectation to realize the missions over time. However, investors can achieve more diversified portfolio by replacing earned income with donations reduces both volatility and expected revenue, while replacing investment income with donations to achieve an increase in diversification of the same magnitude reduces volatilities and increases expected revenue. Suggests other motives for nonprofit organizations to hold investments.

**Benefits theory.** Despite the overwhelming endorsement of revenue diversification as an effective strategy for strengthening nonprofit organizations' stability, other researchers extend alternative explanations for having diversified revenue streams. Young (2017) introduced the benefits theory to specifically assist social purpose organization (SPO) leaders finance the organization's mission. With a sample of 87 Jewish community centers, the authors determined a significant association between expenditures on particular types of services and the sources of an organization's revenue, Wilsker and Young (2010) analyzed the data, and found that the centers' dependence on earned revenue was linked to spending for private-benefits-oriented services, whereas charitable income is linked to that for public-benefits-oriented programs. Both, Wilsker and Young (2010); and Young (2007) identified that revenue diversification increases in commercial revenue are not reliable methods to increase financial health. Wilsker and

Young additionally noted that with benefits theory, the type of service influences the revenue structure for nonprofit finance.

Wilsker and Young (2010) tested the benefit theory by using two models; in the first model, they estimated the revenue shares of each type of income as a function of the proportions of expenses in each program category in relation to other control variables, including total revenue. In the second model, they estimated the natural log of each revenue stream as a function of a similar set of explanatory variables except total revenue. The authors found tangible evidence that revenue sources are associated with the mix of programs offered. Moreover, shifts in expenses between programs of similar public or private nature are not significantly associated with changes in the configuration of revenue sources. Insofar, the experiment results suggested by the potential for increasing or declining nonprofit revenues overall by adjusting program expense allocations. Findings from the study are consistent with the concept that the nature of services drives the funding sources for nonprofit organizations. Human services organizations should pursue revenue streams consistent with their mission linked activities and avoid the transaction costs, or possible mission drift associated with revenue diversification and commercialization (de los Mozos et al. 2016). Social organizations positively associate with community buy-in and organizational legitimacy (Kim, Pandey, & Pandey, 2017). Nonprofits consciously seek to extensively diversify their funding sources to establish more relationships in the community and dependence on community support.

The types of benefits the services confer to a collection of beneficiaries. Public

benefits originate from collective goods accrue to society in general, and private benefits accrue specifically to only those individual consumers who are willing to pay for the services provided (Young 2007, 2017). Fischer, Wilsker, and Young (2011) emphasized that the revenue mix for nonprofits is related to whether the services provided by the organization are public, private, or mixed similar to their benefits. Fischer et al. analyzed 2003 data sets using subfields from three significant fields dividing NPOs according to service category and estimates the impact of service type on specific revenue streams and overall revenue diversification, which help to determine that more public a nonprofit's services, the higher its reliance on donations. Fischer et al. found additional support for benefits theory in an examination of the relationship between the nature of services.

The maturity of an NPO is also likely to affect diversification decisions. The capacity of less experienced executives to handle multiple, complex revenue streams limit from diversifying revenues from investments or commercial ventures. NPOs led by experienced executives are more likely to have gradually differentiated its sources of income over time, including the building of endowments to generating investment income. In the application of Young's (2007) benefits-based theory of nonprofit finance signaled that the organization's revenue mix could fuel in part by its mission or the nature of the services it provides, thus minimizing its desire to concentrate its revenue along with a single funding stream. The inference from Young's (2007, 2017) benefits-based theory revenue streams of an organization emanate due to the nature of the benefits can attract particular funding sources. For financial capacity building purposes, an NPO can adopt a revenue concentration strategy from a revenue mix that is consistent with its

mission and the services it provides and reduces its risk. NPOs are bound to rely on external sources, which inscribe ease the risk that control exercised over them. The diversification of revenue sources is a way to manage dependency relationships, Froelich (1999) explained that NPOs that do not diversify that depend on a primary fund source. The propensity to collect incomes from various sources depends on the public/private nature of the goods that the charities produce or services provided.

Young (2007, 2017) proposed that changes that increase diversification in the previous revenue mix could affect the social perception of NPOs. Funders favor NPOs that have a clear focus, and that specializes in particular revenue areas. Young hypothesized in the benefit theory that income streams derived from the nature of the services offered by NPOs. Nonetheless, this relation can work both ways and increases if the diversification pattern of an NPO leads to the development of new services not aligned with the core mission. This goal displacement can be perceived negatively, involving a loss of legitimacy and more fundraising expenses. For these reasons, we think that increases in the diversification of revenues cause inefficiency in fundraising. New nonprofits, obtain and arrange financial and other resources to make these fledgling nonprofits operational and sustainable. Young (2017) proclaimed that executives who start and lead nonprofits stem utility from non-monetary rewards of nonprofit work, either from achieving the mission of the organization or from other motives, such as religious inspiration to help others. Therefore, individuals or groups with preferences to create their organizations and approach social missions in unique ways drive the supply of nonprofit organizations. Such an approach explains why so many nonprofits with

similar services and missions exist. These theories predict an abundant supply of nonprofit organizations, and greater competition for funding, than public goods or trust theories.

Relationship between revenue sources and its beneficiaries are reflected in the resource dependency and benefits theories (Young, 2007). Young detailed that in RDT nonprofits are influenced by those who control their resources, which the nonprofit has limited control but whose support is critical (Aschari-Lincoln & Jager, 2016). Revenue sources that affect access to nonprofits incorporate characteristics by benefits theory. These characteristics distinguish between donor revenue sources, such as gifts, contracts, donations, fundraising, and income-generating revenue sources such as memberships, investment income, sales of unrelated goods, rental income, and program services. Gayle, Harrison, and Thornton (2017) found a similar effect and argued that marketing for fundraising is in a crowded market with for-profit and nonprofits receive fewer benefits, so they opt to reduce his or her fundraising expenses. Uncertainty in fundraising increases and ineffective to increase the overall pool of donations, then competition would increase the intensity of fundraising efforts. Young (2007, 2017) found that nonprofits have healthier diversified revenue sources as their revenues grow. Young's theory of nonprofit finance does not include organizational size. Fischer et al. (2011) showed that for U.S. nonprofits, total revenue is positively related to investment revenues and negatively related to government revenues. Therefore, for sustainability NPO executives rely on a mix of income sources, but his or her selection and proportion are not straightforward, Young (2007, 2017) and they differ from one organization to another.

**Path dependency.** Leaders decisions in the past for change and development of organizations are influences of the path dependency theory. Due to the consequences of past occurrences, the present situation or result may not be the most efficient (Potluka, Spacek, & von Schnurbein, 2017). Potluka et al. (2017) completed research on a sample of 2715 nonprofit organizations in the Czech Republic. The authors found that EU subsidies have a positive impact on financial capacities, measured as real assets.

Organization's adaptation to the changing environment is considered longitudinal and spatial in theory (von Schnurbein, 2017). Path dependency theory starts from the principle that organizations and actors are part of institutions that structure and channel their behavioral standards and activities along established paths. Chikoto and Neely (2014) suggested that the choice to diversify or to concentrate NPOs revenue streams by senior executives can be a product of careful planning and a product of path dependence driven by the nature of benefits such as services a nonprofit confers through its activities. Although crisis can provide powerful catalysts for institutional innovation, institutional path dependence in the absence of active and disruptive policy entrepreneurs fosters a strong tendency to reinforce the existing situation and limit innovation, potentially exposing other sources of escalating uncertainty.

Von Schnurbein (2017) argued that dependency about the path taken highlights the past dynamic processes that are institutionalized and reinforced over time. Undoing the path become increasingly difficult to reverse past, institutional selections established by the previous choice that dictates the chosen path. Potluka et al. (2017) stated that the tenets of the path dependency theory consist of three areas: positive feedback, non-

ergodicity, and irreversibility. First positive feedback contains self-reinforcing influences, second non-ergodicity means that there is an only equilibrium at a given time, but there are multiple equilibriums because of distinct path dependencies. Finally, irreversibility describes the dependence on the point in time of the process. A decision to proceed in the chosen path is more economical than reorientation. Path dependency theory uses historical political, social, cultural, and economic contexts to interpret these differences (Brady, Marquardt, Gauchat, & Reynolds, 2016). NPO leaders must clarify the factors that explain the predominant role of the state as a provider of public benefit services, the dependence of NPOs on public funding, the low level of participation of inhabitants in voluntary work, as well as the weakness of civilian society. Thus, among others, one of the critical challenges for the nonprofit sector in transitional countries is to find a path for strategic capacity building and sustainable development (Anderson, Ward, Gilbertz, McEvoy, & Hall, 2018). The conception of path dependency in which proceeding steps in a direction induce more movement in the same direction captures the idea of increasing returns. Nonetheless, it lacks flexibility in alternative revenue sources.

**Static Trade-Off and Pecking Order Theory.** Executives of the NPOs use financial management theory to balance capital structures for internal and external funding and for the benefit of financing against the costs which result in an optimal level of debt (Berry & Manoli, 2018). Since NPOs dominate source of revenue is not sales and primarily dependent on a charitable mission, by offering products and services for free or at a below market rate, requiring other income sources essential (Coupet & Haynie, 2018). Implying nonprofits with unrelated business income may face tax liabilities,

providing them with an incentive to use tax-deductible leverage (Calabrese & Ely, 2016; Elmaghrhi, Ntim, Malagila, Fosu, & Tunyi, 2018). However, NPO leaders have restrictions in his or her abilities to issue debt and pursue external borrowing, as well as NPOs often lack creditworthy assets that would facilitate borrowing. These challenges restrict NPOs growth if both their accumulation limit internal funds and their options for external borrowing. Unlike NPOs owned other assets, endowments are not expendable, and in many circumstances cannot use directly as collateral for debt (Arnold, Hackbarth, & Xenia, 2017).

The nonprofit capital structure complicates the existence of endowments, which are donor-restricted resources intended to generate income for a nonprofit. Nonprofit executives can finance his or her operations and capital investment through internal funds, external funds such as donations and debt, or a combination. The up-to-date literature on nonprofit finance offers two competing theories that explain financing decisions for executives, such as static trade-off and pecking order theories. The static trade-off theory proposes that nonprofit managers balance the costs and benefits of debt to reach an optimal leverage level, while the pecking order theory suggests that managers prefer internal funds to external borrowing (Arnold et al., 2017).

De and Banerjee (2017) suggested that a trade-off approach offers organizational leaders to choose how to allocate his or her resources by comparing the debt tax benefits and bankruptcy costs, thus aiming at the optimal debt ratio. The origins of trade-off theory pre-date modern versions, inspired by the seminal paper of Jensen and Meckling (1976). Thus, the pecking order theory was first set out by Myers and Majluf (1984).

Nonetheless, the costs in static trade-off theory are the same as the costs in pecking order theory. Myers and Majluf pointed out with pecking order theory, competing for theory disputes the trade-off approach on nonprofits and favor internal revenue over external alternatives when there is an internal funding source available, and how nonprofits adjust their capital structures over time. Securing financial sustainability through fundraising and other forms of financing is a critical issue for many nonprofit organizations.

### **Role of Nonprofit Organization**

The intention of creating human services organizations, or NPOs, is to help alleviate some of society's more complex social problems (i.e., homelessness, mental health issues, discrimination, poverty, disease, sexism, social justice) (National Council of Nonprofits, 2018b). To accomplish these tasks, NPOs leaders must hire and secure funding for a wide range of resources. The valued effectiveness of nonprofit organizations determines their funding and ability to do good in the world (McKeever, 2015).

Nonprofits leaders play a contributory role in the community and economic drive in sustaining society by championing for hope and opportunity (National Council of Nonprofits, 2018a). Established NPO provides a variety of services including relief in times of need, sustain arts and culture programs in local communities, and aid refugees. The National Center for Charitable Statistics (2016) reported that there are 1,571,056 tax-exempt organizations, public charities consisting of 1,097,689 another 105,030 private foundations, and 368,337 other types of NPOs in the United States. In California, 72,478 of 501(c)(3) active public charities recorded with a density of sectors and its resources,

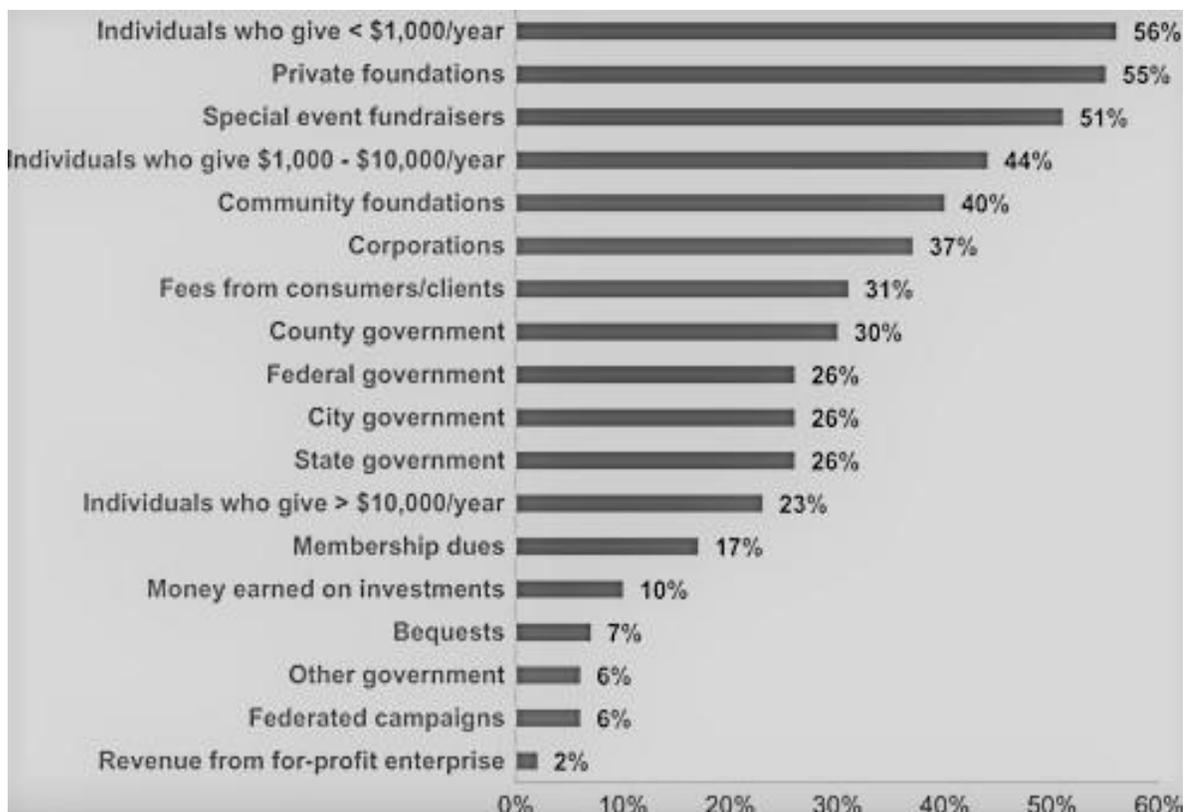
including revenues, assets, and grant dollars. Nonprofit do not earn a profit and required to reinvest into the organization to provide service offering to the community (Garven, 2015). NPOs economic contribution across the country is vital to the US and comprises 5.3% of the GDP in 2012. In 2013, over \$1.74 trillion in total revenue reported in public charities, and expenses of 1.63%. Of the total revenue, 21% came from contributions, gifts, and government grants and 7% came from various sources including fees, rental income, special event income, and gains or losses from goods sold (Hayman, 2016).

In 2013 public charities reported over \$3 trillion in total assets. Nonprofits in California generate \$208 billion in annual revenue and hold \$328 billion in assets. Notably, over 25.3% of the population in the US volunteered in NPO between 2010 and 2014. Each year nonprofits in California bring in at least \$40 billion in revenue from out-of-state sources. Berlin, Masaoka, and Schumann (2017) implicated a high percentage of nonprofits obtain funding from multiple types of sources, requiring the leaders of NPOs to monitor and account costs differently to various funders. Funding sources are categorized as charitable contributions by individuals, foundations, bequests, and corporations (McKeever, 2015). NPOs reached \$358.38 billion in 2014, an increase of 7.1% from the revised inflation-adjusted 2013 estimates. Funding received from private foundations is 55%, community foundations 40%, county government 30% and 20% of the funding received from city government, state government, and federal government (Berlin et al., 2017). Based on the National Center for Charitable Statistics (2016) investigators reported the largest share for charitable contributions was 34% received for religious organizations. Educational establishments received the second largest

percentage, with 15% of total estimated contributions, and only 12% accounted for Human service organizations. Garven (2015) argued that approximately 75% of NPOs met tax-exempt status 501(c)(3). NPOs maintaining federal 501(c)(3) status operate for many diverse purposes, which both the government and the businesses sector cannot or do not want to provide. Realizing their mission through services provided is an indicator of NPO's success. The purpose of the charities is to improve the quality of life for citizens through services, education, and support programs. Such services include faith-based, education, health, human services, aim to protect the environment, improve the quality of life through enrichment, arts, and culture, human rights, animal-based, disaster relief, and others. The premise for human services is to provide products, programs, or services to those who would not else be able to afford them without public financial support and nonprofit fundraising is an important function (Marudas., Petherbridge, & Ciokiewicz, 2016; Young, 2017).

**Internal Revenue Code.** The Internal Revenue Service (IRS) has defined over 25 types of nonprofit categories. Under the Internal Revenue Code (IRC), Garven (2015) implied that all charities are nonprofits, but not all nonprofits are charities. In the state of California, registered organizations are over 40,000 under 501 (c) (McKeever, 2015). In total California has 170,638 nonprofit organization increasing presence in the U.S. Based on the Internal Revenue Service (2017a) private foundations, and religious organizations are tax-exempt public charities 501(c)(3). According to the National Council of Nonprofits (2018b), public charities differ in their missions and have broader funding support. Nonetheless, Garven (2015) expressed that private charities face challenges to

raise funds or increase income sources sufficiently. Berlin et al. (2017) found that a high percentage of nonprofits obtain funding from multiple types of sources, however NPOs finding it challenging to manage multiple revenue streams with costs and time. The types of funding nonprofits report as a significant revenue source for them (Figure 2).



*Figure 2.:* Types of funding nonprofits report as depicted from “Percentage of nonprofits for whom a funding source represents significant revenue depicted graphically,” by Berlin, Masaoka, and Schumann (2017), *Nonprofit Policy Forum*, 8(2), pp. 165-181. Copyright 2017 by the Authors and Berkeley Electronic Press. Adapted with permission of the author.

Francois (2015) expressed that nonprofit agencies channel surplus revenues from donations and other income back into the organization to meet a service goal or mission.

Undertaking in the private sector should allow for growth and flexibility in case of constrained resources (Francois, 2015). Nonprofit senior executives are striving to survive by adopting competitive and innovative strategies. Such as strategizing relationships with their donors or regulate the resources received from loyal donors, nonprofits must establish a trend that creates a competitive advantage (Black & La Venture, 2017; Cheuk, 2016). A study conducted by stakeholders of the Urban Institute indicated that overall nonprofits grew by 8.6% from 2002 to 2012.

Mitchell (2017) argued that NPOs that does not accumulate any finances are ill-prepared to weather future financial storms. Charles and Kim (2016) discussed that past research suggests that donors acknowledge NPOs need to accumulate profit to avoid vulnerability in case their revenue begins to decrease. Boesso, Cerbioni, Menini, and Parbonetti (2015) stressed the need for senior executives of NPOs to be proactive to social needs as well as to publicize his or her impact, missions, the vision of goals, products, and needs. Also, Bernritter, Verlegh, and Smit (2016) argued that NPOs leaders are given the ability through social media branding to share stories, accomplishments, social impacts, images, and partnerships to a large community. Bernritter et al. conducted six experiments and examined one set of secondary data. The authors demonstrated the mediating role on the effects of different types of brands on consumers' intention to endorse brands on social media content.

### **Income Streams**

Organizational leaders need to adapt continues reshaping to achieve a more significant impact, efficiency, and accountability, before they risk falling into bankruptcy

or irrelevance during economic uncertainty, such organizations often turn to fees, additional charges, and other essential commercial income sources (Aschari-Lincoln & Jager, 2016). Charles and Kim (2016) reiterated that nonprofit leaders needed to consider multiple revenue streams to increase financial stability, reduce revenue volatility, and maintain financial health. Clifford and Mohan (2016) and McDonald, Weerawardena, Madhavaram, and Mort (2015) proclaimed that income generation is essential to the success of nonprofit organizations. Traditional methods such as government funding become scarcer as more nonprofit organizations grow in numbers. Insofar, NPOs face challenges arise from economic environments thus alternative sources of income are essential — such as of income distribution: grants and non-reimbursable loans, membership fees, contributions both in cash and in-kind, resources from the state, sponsorship, and product service fees (Hung & Hager, 2018). There is a downward trend for a share of non-profits registering revenues from aid, non-reimbursable grants, fees, and contributions a rational development caused by the need to diversify sources, as well as organizations' efforts for professionalization regarding fundraising.

Successful nonprofit executives need to work on retaining present donors and implement innovative strategies in growing revenue (Kim, 2017). Professionalism in utilizing the modern method of acquiring donors such as social media advertising and running marketing campaigns as well as diversification for increasing income sources such as market-based opportunities and other for-profit concepts (Dobrai and Farkas, 2016). Leaders of nonprofit organizations need to hire business professionals by spending funds effectively as administrative costs to become more successful in raising funds,

similar to for-profit organizations (Haigh, Kennedy, & Walker, 2015). It is essential for nonprofit organizational leaders to extend beyond traditional methods of fundraising by mixing concepts such as social entrepreneurship and innovation, (Belz & Binder, 2017) by conducting special events, merchandise sales, organizational development, and investments. Belz and Binder (2017) argued that social entrepreneurship perhaps employed by business-oriented NPOs, that mix social and entrepreneurial practices and objectives.

Changes in NPOs are vital due to the increase in nonprofit companies entering the landscape. Boesso et al. (2015) noted that board members' ability to provide effective strategies and resources to the nonprofit. Lack of experienced board members would result in not having sector awareness, revenue generation strategies, financial planning, and the understanding of complex business relationships (Boesso et al., 2015). Still, Martin (2015) discovered that revenue diversification might lead to mutually exclusive income streams. Thus, Charles and Kim (2016); Hinton and Maclurcan, (2017) implied that nonprofit senior executives must understand fund optimization, by the association between donors, portfolio asset allocation, and social impacts beyond profit. Prentice (2016b) declared that nonprofit scholars, as well as practicing leaders, focused on volunteerism, marketing, and other areas of nonprofit inquiry employ financial measures such as organization's liquidity, solvency, margin, and profitability. The four constructs are collected measures for NPO performance by scholars such as Bowman (2017) and Tuckman and Chang (1991). Although, as highlighted by Prentice (2016a) that there no significant consensus on appropriate procedures to measure the performance of NPO

leaders. The expertise of NPO senior executives of such measures would provide the ability to create administrative and service budgets, establish financial reserves, measure performance, and progress (Prentice, 2016b). Ramanath (2016) reiterated the need for strategies on donor retention and other fund-raising strategies such as cognitive processes should be adopted by NPO leaders that influences donors to retain and be committed. Financial sustainability for nonprofit establishments comes in the form of revenue diversification instead of revenue concentration (Froelich, 1999). Leaders of nonprofit organizations can benefit from developing other revenue streams and building those relationships to create success for the future for charitable organizations, donors repeat donations based on several factors such as beliefs, and values claim to legitimacy, and performance (Ramanath, 2016).

A substantial portion of the financial resources are received from a larger number of smaller donors. Saebi, Foss, and Linder (2019) and Minciullo and Pedrini (2015) detailed that donors prefer to donate to responsible companies that have visions and missions that are equally supportive. Hung and Hager (2018) discussed that nonprofits should diversify revenue sources to hedge against uncertainty. Hung and Hanger explained that nonprofit leaders that rely exclusively on traditional sources of revenue such as grants might pursue additional earned income strategy when its funder priorities change. NPO executives' reliance on a limited number of sources could make the organization vulnerable as more revenue sources provide flexibility. Service continuity of NPOs is achieved through effective financial management and sound financial capacity, with the flexibility to withstand financial shock (Hung & Hager, 2018). Martin (2015)

implied that establishing successful funding sources would enable nonprofit managers to be better equipped to compete for more revenue streams.

**Donors.** Liket and Maas (2016) explained that significant donors are likely to positively impact the NPO financial capacity as they invest in the mission. Liket and Maas used data from 2006 - 2009 from the Dow Jones Sustainability Index (DJSI World), to add to the body of theoretical and anecdotal suggestions by an empirical snapshot of the extent to which company leaders are strategic in their philanthropy through measuring the impact on both business and society.

Minciullo and Pedrini (2015) state that donors expect the NPOs to be accountable for having visionary goals and missions that are mutually supportive. Hayman (2016) described that donor retention requires NPO leaders to show achievement of mission as well as demonstrate accountability in resource allocation to secure future donors. However, nonprofit executives must retain existing donors and find new innovative strategies to acquire more donors to succeed in achieving the mission (Thomas, Feng, & Krishnan, 2015). Nonprofit administrators need to focus on building their brand, identity reputation, and new ways to differentiate from competition entering the marketplace, which would attract more donors (Michaelido et al., 2015). Donor revenue sources are characterized by individuals (donations), organizations (donations, sponsorships), foundations (grants, donations, contracts), government (grants, donations, contracts), income-generating revenue sources, organizational members (fees, charges), individual members (fees, charges), endowment income (investment income), economic activities (conferences, user fees) (Aschari-Lincoln & Jager, 2016).

### **Sustainability Enablers for NPOs**

Grantmakers depend on their grantees to carry out their missions as efficiently and effectively as possible (Rahdari, Sepasi, & Moradi, 2016). Due to underinvestment in organizational infrastructure debilitating trend in the nonprofit starvation cycle is caused by possibly misleading financial reporting and donor expectations of increasingly low overhead expenses (Lecy & Searing, 2015). Jensen and Meisenbach (2015) asserted that research of nonprofit data examinations showed a downward trend in reported overhead costs, reflecting a bigger cut in administrative expenses partially offset by an increase in fundraising expenses. As fiscal stewards of public funds and private donations, nonprofits leaders have a direct responsibility expense toward mission-related activities efficiently and effectively (Lecy & Searing 2015).

NPOs are established to accomplish altruistic rather than financial goals; their accountability systems have often developed on an exigency basis (Lecy & Searing, 2015). Albu and Flyverbom (2019) gathered that the sources of NPOs revenue demands a high degree of accountability, which in turn provide financial sustainability. Resource providers (donors) expect leaders of NPO to utilize resources in a manner that is consistent with its mission (Mitchell G. E., 2017). Thus, a fiduciary duty exists between the resource providers and the leaders of an NPO (Lecy & Searing, 2015). In addition, public, from potential donors and the media demands for accountability from the stewards of NPOs (Jensen & Meisenbach, 2015).

**Transparency.** Transparency is aligned with sharing of information, and the perceived quality of the information shared to gain resource provider acceptance and

trust, which in turn provides an increase in resources for services and goods (Albu & Flyverbom, 2019). Harris and Neely (2018) conducted a study using a sample of over 14,000 industry-diverse nonprofit organizations, that documents the key characteristics and consequences of organizations providing better and more information to stakeholders, on transparent charities. Harris and Neely contended that charities are expected to hold a higher standard of governance by the donors and need to improve their transparency in order to maintain donor trust. Kral and Cuskelly (2018) conducted research to support a diversified metric for governance disclosure and accountability. Nonetheless, Krawczyk, Wooddell, and Dias (2017) determined that there was a smaller than anticipated impact of a diminished reputation on donor funding and giving behavior of donors. Though trustworthiness seems unrelated to the direct benefits that result in donors as a consequence of the gifts (Sanzo-Pérez & Rey-Garcia, 2017), however, higher levels of commitment and loyalty would ensue with the presence of trust (Harris & Neely, 2018). Nonetheless, Jensen and Meisenbach (2015) emphasized that leaders of nonprofit organizations face growing new regulations that mandate more oversight of funding allocations and increased transparency in a changing environment as governance and accountability are more dynamic than simple fund reporting.

Donors' interest in providing gifts aligned with the nonprofit organization's mission to help solve problems by providing intangible services (Kral & Cuskelly, 2018). Though the service provided to the beneficiary groups by the NPOs cannot frequently be assessed by donors (Sanzo-Pérez & Rey-Garcia, 2017). Resources providers must rely on the nonprofits to deliver benefits to target communities that have either explicitly or

implicitly promised, and transparency enables to mitigate distrust, as such, increasing good governance (Parris, Dapko, Arnold, & Arnold, 2016). Strategies of transparency are an attempt to instill trust in nonprofit sector leadership; trust is essential in establishing the reputation and effectiveness of nonprofit organization stewards (Willems, Jegers, & Faulk, 2016). NPO leaders require organizational reputation to create value to their stakeholders. Therefore leaders of nonprofits could create value by improving good governance, transparency, and accountability (Alhidari, Veludo-de-Oliveira, Yousafzai, & Yani-de-Soriano, 2018; Child, Witesman, & Braudt, 2015). Transparency and governance on financial disclosure and corporate responsibility demonstrated strong linkages to permeate earning potential in empirical evidence (Parris et al., 2016). Researchers discovered that organizations that had fiscal transparency contributed to their sustainability and resilience (Witmer & Mellinger, 2016). Witmer and Mellinger (2016) explained that transparent processes extended to communication about business decisions, meetings that communicated the fiscal status of the organizational operations to all employees.

**Performance measurement systems:** From an economic perspective, the nonprofit sector exists to provide social goods that the private sector and the public sector do not have an incentive to provide (Álvarez-González, García-Rodríguez, & Sanzo-Pérez, 2018). Soysa, Jayamaha, and Grigg (2016), for instance, argued that leaders of NPOs must adopt suitable performance measurement systems to operate their organizations by establishing criteria upon which to improve. The NPO leaders operate in a multifaceted environment such as with diverse donors (funding sources), as the sector

grows faster than the private and public sectors there is an increased demand for accountability from the public as well as the donors, and the increasing competition for donor funding from other NPOs (Soysa et al., 2016). While measuring the performance of NPOs is vital to research shows that it is more difficult for stakeholders of NPOs to measure performance than for-profit organizations (Child et al., 2015). Several reasons for the difficulties in measuring and sustaining performance in NPOs are due to aligning mission and programs, different stakeholder expectations, difficulties in defining organizational outputs and outcomes, complications in using financial performance tools to measure success (or failure), and boundaries on the use of quantitative measures in delivering the intangible services are imparted by MacIndoe and Sullivan (2014). NPO leaders necessitate effective performance measurement systems that focus on the metrics of efficiency and effectiveness of the organization's operational processes, inputs, and outputs that correlate with the financial, social, and environmental outcomes (Soysa et al., 2016). Lahidji and Tucker (2016) persisted that performance measurement is a criterion of continuous improvement and quality management.

Researchers such as Álvarez-González et al. (2018) rendered that when mission and strategy are customized to measure performance, serves as a continuous improvement strategy by allowing nonprofit organizations to gauge performance that aligns with stakeholder expectations effectively, remains competitive, and improves governance. However, one of the impediments of NPOs is the inability to achieve sustainable performance through continuous improvement efforts (Calvo-Mora, Domínguez-CC, & Criado, 2018).

**NPO strategy and organizational resilience.** Successful fund obtainment by leaders of nonprofit required robust strategies to be competitive for donor retention and donor attrition (Kolm et al., 2014). Leaders of nonprofit organizations need to use strategy as a tool to develop competitive capacities to manage turbulence and uncertainties of external environments (Belz & Binder, 2017). Wijethilake (2017) depicted that organizational improvement and strategy correlate positively with a competitive advantage. As a corollary, Calvo-Mora et al., (2018) described that leaders of organizations require to focus on long-term management orientation for companies to integrate quality into the firm's strategy to achieve consistent and lasting excellence. Consequently, a leaders' vision, which establishes clear objectives and priorities regarding stakeholders and market orientation determines the quality of organizational plans (Ogliastri et al., 2016). Leaders of NPOs that adopts quality obsessed strategies achieve continuous improvement, develop customer focus, enjoy employee empowerment, and extend donor support (Kolm et al., 2014). Álvarez-González et al. (2018) stated that competitive organizational strategy is a key component consisted of innovation in nonprofit organizations, which aligns with the concept of continuous improvement. Managers of NPOs may use pertinent information gathered to devise corporate strategies to increase revenue and profitability (Witmer & Mellinger, 2016). Essentially strategies may enhance organizational financial performance and could ensure that a broad array of procedures are present to guarantee sound governance (Valero, Jung, & Andrew, 2015). Organizational strategy underscored the essential role on addressed in value creation and demonstrated higher financial performance than those companies that

paid less attention to strategy (Chang, Yu, & Hung, 2015). Nonprofit senior executives can use several strategies to increase and retain donors that stray away from the organizations due to several reasons by making them feel connected to the mission and continue their giving practices (Thomas et al., 2015). Bernritter et al. (2016) stressed that NPO executives who can create a strong social media presence that displays their social impacts would retain more donors. McDonald et al. (2015) explained that nonprofit leaders are responsible for ensuring that the organizations are tooled with strategies that develop social and fiscal sustainability.

Preexisting nonprofit organizations that face crises display sustainable organizational resilience by altering their operations to share the burden of care by supporting collective efforts into recovery by integrating nonprofit commitments to and perceptions of demands for social services (Hutton, 2018). Resilient organizations have the capacity to adequately recover from adversity and adapt to handling and enabling agility to stay relevant and responsive to market dynamics (Witmer & Mellinger, 2016). Researchers decreed that organizations must be able to deal with change effectively and successfully to compete and survive (Mousa, Sai, & Salhin, 2017). Witmer and Mellinger (2016) discovered six key themes that could proactively contribute to organizational resilience within an NPO leadership, such as (a) commitment to the common purpose/mission, (b) creativeness, (c) collaborate with community, (d) servant and transformational leadership style, (e) positivity, and (f) financial transparency. Organizations that use the opportunities to preemptively plan for mitigation and preparation gain substantial resilience and longer continuation (Hutton, 2018; Sawalha,

2018). Such organizations that build resilience can continuously respond to significant disruptive change effectively and turn challenges into opportunities (Witmer& Mellinger, 2016). Mousa et al. (2017) concluded that in the organizational dynamic could contribute to the development of organizational resilience. Van Breda (2016) identified that through organizational leadership, evaluation, and engagement could serve as sustainable pathways to resilience for nonprofits. Sharma and Bhargava (2016) imparted that any member of staff or leadership within an organization could grow personal connections to improve resilience, especially among emergent and international nonprofits, but the reliability of these partnerships could waver over time.

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

I found several themes from my literature review that included strategies that nonprofit senior executives can use for revenue diversification in their organization's income portfolio and expand funding sources. Nonprofit leaders use numerous capitalizing strategies, including add income streams. Key enablers strategies included (a) establishing an operating reserve for operating expenses; (b) maintaining financial performance; (c) maintaining resource dependency (d) maintain financial health, performance measures, and (d) transparency.

### **Summary and Transition**

In Section 1, I presented the basis of the study. The components of the existing body of literature on strategies to substantively increase their income is diverse and ambiguous. Researchers who explored nonprofit revenue diversification strategies offered nonprofit senior executives limited evidence to increase revenue streams and

sustainable funding. My analysis of the literature review findings provided a need for nonprofit senior executives to explore sustainable strategies for revenue diversification and increase income sources.

My review of professional and academic literature included peer-reviewed journal articles related to the topic of strategies to attract new revenue streams on funding for nonprofit organizations. Components of section of the study, I enclosed include: 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 concluding with the review of the professional and academic literature. During my research of the literature revealed that most nonprofit senior executives lack the sustainable funds and understanding of the nonprofit income sources through diversification.

Section 2 contains an in-depth description of the research for this study. I include an extensive detail of design and methodology, analysis of the research purpose, the role of the researcher, populations and sampling, data collection and analysis techniques, the reliability and validity of the data. Also, within this section, I provided details of ethical research measures as well as protect each participant as a human subject, data analysis, and identified how I stored and retained data.

In Section 3, I included a detailed synopsis of the research conducted for the DBA consulting capstone. To conduct the research for and about my client organization, I used the 2017-2018 Baldrige Performance Excellence Framework and its Criteria for

Performance Excellence to complete in-depth research to research my client organization. Moreover, my interview questions to collect data for this qualitative single-case study. Finally, Section 4 included findings from this study, an executive summary of key themes, a summary of the project and strategies, and contributions and recommendations for future research.

## Section 2: The Project

In Section 2, I restate the purpose of the study, and then describe (a) the role of the researcher and, participants, (b) how I conducted the study by identifying the participants, (c) the research method and design, (d) the ethical research considerations, (e) the data collection and analysis techniques, (f) the dependability and validity of the data, and (g) a summary of the section. Within this section, I additionally described (a) approaches to gain trust, (b) structured interviews, and (c) the measures, that I used to protect and meet the requirements for data storage for all collected information.

### **Purpose Statement**

The purpose of this qualitative single case study was to explore strategies nonprofit executives use to develop long-term revenue diversification to help ensure their ability to improve and maintain service offerings. The targeted population for this study consisted of three executives of a nonprofit organization in western California who had successfully implemented revenue diversification for continuing and improving services. The implications for positive social change are that nonprofit executives may gain insights for developing and implementing strategies to reduce financial volatility for evolving organizational sustainability to enhance and maintain services offering to the communities and the public they serve.

### **Role of the Researcher**

In a qualitative study, the role of the researcher is to perform as the primary instrument to explore, define, articulate, accurately document the data; the role is also to gather data by interviewing individual participants or groups, analyzing public

information, reviewing archived data sources, and observing the behavior of an individual or group as well as storing collected study data (Fusch & Ness, 2015; Yin, 2018). For this single-case study, I served as a researcher and was tasked with collecting all the data. I collected and analyzed data by interviewing senior executives of nonprofit, analyzing organizational by-laws, reviewing previous sustainability plans, reviewing tax documents, and examining social media platforms. Findings of the study may this nonprofit client's senior executives make pragmatic decisions and apply strategies to improve revenue performance of his or her organization. By using the Baldrige Performance Excellence Framework (2017), within the framework of the Walden DBA Consulting Capstone, I sorted all the collected data using the Baldrige Excellence Framework for nonprofits into the subsequent categories: organizational profile, strategy, leadership, customers, workforce, operations, and knowledge management and developed them into the results, contributions, recommendations, and project summary. I have no experience working as a Baldrige Excellence Framework consultant, nor have I performed previous work on nonprofit financial stability or with any the participants I used in the study, or the nonprofit sector. Researchers must differentiate the known and identify any vulnerabilities such as their worldview to help minimize and mitigate his or her bias during data collection and analysis (Fusch & Ness, 2015; Sokolova & Krishna, 2016). It is the responsibility of the researcher to invest time and effort in uncovering the inherent biases and verifying the sources of information.

I used the Belmont Report, released by the U.S. Department of Health and Human Services in 1979, as a guide for ethical research practices. The report includes a definition

of informed consent as well as my role related to ethics, and to understand the need to respect participants. Likewise, the Belmont report summarized the basic ethical principles and developed guidelines for researchers to follow, underlying the conduct of behavioral and biomedical research involving human subjects through informed consent. The three principles for research ethics the Belmont Report listed includes: (a) respect and protection of the autonomy of research participants, (b) beneficence, and (c) justice.

Bromley, Mikesell, Jones, and Khodyakov (2015) explained the guidance to researchers on principles, consistent with the Belmont Report, to ensure that the participants contained in his or her research are treated according to the Belmont Report's basic ethical principles. Notably, I have used the Belmont Report interview protocol format to ensure proper ethical behavior. Individual researchers face ethical challenges. Nonetheless, managing ethical dilemmas are his or her responsibility and representation for managing ethical dilemmas as well as transparency, trustworthiness, and advocacy (Wilson, Kenny, & Dickson-Swift, 2018). According to Bjärsholm, Ferrell, Linnér, Peterson, and Schenker (2018) and Othman and Abdul hamid (2018) implied that ethical dilemmas occur in researching social entrepreneurial ventures. Even so, Reid, Brown, Smith, Cope, and Jamieson (2018) expressed that researchers with ethical principles driving good conduct in a study. Social entrepreneurs may have his or her intentions about participating in research, which may challenge the credibility as researchers (Bjärsholm et al.,2018). Kara and Pickering (2017) elaborated that data collected comprise interviews with representatives, field notes from observations, and analyses of documents concerning the ventures. As the researcher for this study, my responsibility

included the need to respect participants and protect his or her well-being, beneficence, and autonomy in a just way.

Being transparent about the risks and benefits of study participation is a component of ethical research, Drake and Yu (2016) implied that researchers should respect the autonomy of research participants and uphold the principle of respect for persons. By following the guidelines and principles contained ethical issues in the Belmont Report provided me with a way to create an ethical research study. Walden University's administrators, as well as my client leader from the assigned nonprofit, has signed a DBA Research Agreement, which specifies the responsibilities of each party including the requirement for all participants in the study as a condition of voluntary participation in the study to sign a consent form. I treated each participant ethically and would abide by Walden University's Institutional Review Board (IRB) requirements, which included the guidelines for using preapproved data sources and tools. The Walden University IRB is responsible for ensuring that each student adheres to the ethical standards of the University, as well as the federal regulations of the United States. Walden University leaders require each student to obtain IRB approval to protect the interest of human subjects and when collecting or analyzing data (Walden University, 2017b). I obtained IRB approval, No. 02-14-18-0606856. The IRB's primary function is protecting the rights and welfare of human subjects as well as to set practices researchers adhering to data collection and participant protection (Hunter et al., 2018; Largent & Fernandez, 2017).

Henry, Romano, and Yarborough (2016) and Lynch (2018) described that empirical studies with IRB approval promote researchers to be more accountable, improve the quality of his or her studies, facilitate consistency in decisions, as well as encourage research efficiency, and advance trust in the research initiative, among a variety of other benefits. Before proceeding to collect pertinent data through interviews of senior executives, analysis of the organizational documents provided by the client leader, research of public data, press releases, newsletters, annual reports, and websites to analyze performance outcomes, internal archival data including records, researcher observation of organizational activities, and related literature as data. Hammersley (2015) found that there was no clear overarching definition of ethical principles; however, there were commonly listed characteristics, including minimizing harm, respecting autonomy, preserving privacy, and acting equitably.

The present research involved thematic analysis of data derived from a single case study. Reviewing and performs detailed queries provided by organizations allowed the researcher to gain a deeper understanding of the organization that research leads to better organizations, institutions, workplaces, economies, and social relationships (Bowden, 2016). The styles of theorizing in the qualitative research initiatives are also a diverse group of tools and approaches that deal with predominantly non-numerical data and extend from the interpretive textual analysis, providing a thick description, pattern description, narration requires the valuation of the researcher's role (Andrews, No, Powell, Rey, & Yigletu, 2016; Cornelissen, 2017; Halpern & Leite, 2015). Sarma (2015) asserted that qualitative research is evaluated against criteria appropriate to quantitative

research and is found to be lacking, McCusker and Gunaydin (2015) contend that because practicality and purpose of the quantitative and qualitative backgrounds are different, it is erroneous to apply the same criteria of merit. A case study is an appropriate research approach as the preferred strategy when there is a focus on a real-life context (Chad, 2015).

Chandra and Shang (2017) noted that case studies provide a holistic, in-depth investigation of complexity and context, suitable to address the aims of this research. Relative to multiple case studies, a single case enables greater engagement into the organization, providing more in-depth information for the same amount of resources utilized (Johnson, 2015). I reviewed organizational information, including utilizing GuideStar (2018) organizational financial data before conducting telephonic semistructured interviews as the primary method for collecting information from each participant. Drabble, Trocki, Salcedo, Walker, and Korcha (2016) illustrated that when participants felt at ease, interviews provided useful information, which often resulted in the sharing of rich and thick narrative details. East (2016) referred to researchers display of bias as any factor which induced bias in the researcher's recording of responses. Social justice perception should be included within the ethical foundation, guiding theories, and worldview in the research design to mitigate and raise cognizance around researcher biases include bracketing, unstructured interviews, diverse peer review, thinking inductively, investigator responsiveness, and critical reflexivity (Wadams & Park, 2018). Wadams and Park (2018) noted that researcher bias impacts his or her ethical and moral obligation to his or her participants and the research community. Morse (2015) identified

four types of researcher bias in qualitative research: questions, sampling, conceptual, and anticipated outcome biases. These biases can misrepresent the real experiences of participants in corrections settings in qualitative research studies (Wadams & Park, 2018). I aligned the semistructured interview questions with my central research question, along with the 2017-2018 Baldrige Performance Excellence Framework.

Castillo-Montoya (2016) described that qualitative researchers are encouraged to utilize the interview protocol, guiding the researcher through the interview process for data collection purposes. Set of questions that including follow-up questions, help obtain comprehensive or rich and thick data often resulted in using semistructured interview questions, Benia, Hauck-Filho, Dillenburg, and Stein (2015) stated that it is essential in gaining the type of data required and achieve rigorous data collection and trustworthiness for case studies. Similarly, researchers combined with participant interviews and using document review allows them to collect information pertinent to reinforce the conceptual framework and research question (Benia et al., 2015; Kallio, Pietilä, Johnson, & Kangasniemi, 2016). However, Emrich and Pierdzioch (2016) emphasized that the use of questionnaires alone reduces opportunities to obtain clarity and comprehensive data when participants do not answer all the questions.

I used case study interview protocol (Appendix A) among several of the strategies in preparing for and conducting semistructured interviews as well as to establish rapport with each participant, as a guide for drafting pertinent and consistent interview questions, to confirm data saturation, and to ensure mitigation bias. I recorded each interview and transcribed notes to evaluate the data, analysis |results, to memorialize information, treat

participants fairly, and be aware of the areas that I may need to inject bias. I avoided viewing data through a personal lens and maintain a viewpoint of an open mind in reviewing the information shared by each participant response to mitigate bias. To safeguard the integrity of participant responses, I used member checking. Besides, to eliminate bias and ensure data saturation. Harvey (2015) highlighted that document review, surveys, and observations alone do not provide data comparable to conducting semistructured interviews. Yongjie, Mikton, Wilder, and Gassoumis (2016) referred that outlining the researcher's methods broadly in a study protocol is essential for research to be rigorous.

### **Participants**

Eligibility for recruiting specific subpopulations are challenging for researchers, Chandler and Paolacci (2017) implied that researchers should carefully consider whether participants should be naive not only to study contents but also to eligibility criteria. The Walden University faculty assigned client organization to individual researcher participating in the alternative consulting capstone. I used a pseudonym when referring to my client organization to protect the organization's identification. I identify this nonprofit organization located in the western United States, who actively engaged with revenue diversification, with the pseudonym MMH, referring to the group of senior executive participants as NOLs. If any situation occurred that the DBA Capstone Consent Form for Senior Leaders or DBA Research Agreement did not cover, I would contact the university's IRB body for resolution. Eligibility of the identified participants for this study was willing to undergo a Baldrige Excellence Framework as part of the alternative

consulting capstone. Developing a strategy to identify an appropriate population for the study is essential to ensure the collection of think in-depth data (Marks, Wilkes, Blythe, & Griffiths, 2017). The eligible participants would need to have active employment as senior leaders at this specific nonprofit organization, as well as completed successful implementation of strategies to increase income through revenue diversification. Such experienced participants could best address the research question to enhance the understanding of the phenomenon. Newton (2017) implied that participants that fit the characteristics of a study would define participants experience and knowledge.

The qualitative research participates in the study, differentiate themselves from quantitative researchers who distance themselves from participants (Gentles, Charles, Phoeg, & McKibbon, 2015). Case study researchers establish eligibility criteria to include or exclude potential participants. Since qualitative research is viewed as unsystematic and often depends upon the impression of the researcher, qualitative research is considered to be challenging to replicate results (Rauscher & Dean, 2017). Also, qualitative research is often carried out with a small number of participants in a particular organization or locality (Sarma, 2015). Fusch and Ness (2015) and Dasgupta (2015) reported that in qualitative research, numerous issues could affect sample size, but saturation should be the guiding principle. Dasgupta described that participants must be selected to align with the research question and research design. Harvey (2015) claimed participants in the research study needed to provide contributions that addressed the research question. The research question and research design are the fundamentals for designing a research study, and all design decisions should align (Dasgupta, 2015). The researchers selected

the population based on the knowledge of the research topic (Grafton, Reid, & Coyne, 2016). Drabble et al. (2016) posited that with effective interviewer strategies, and lessons learned, interviews conducted by telephone provide in-depth qualitative and narrative data on the follow-up of life history. Drabble et al. (2016) similarly highlighted three overarching strategies for success in interviews, such as cultivating rapport and maintaining a connection and demonstrating responsiveness to interviewee content, concerns; and communicating regard for the interviewee. Reassuring the participants verbally and in writing that his or her participation in the study is voluntary enhances the relationship (Newton, 2017). Dasgupta (2015) posited that researchers use a case study to explore an incident bound by the time of the situation.

The participants of my study are senior executives, including the executive director, and two board members of a nonprofit organization in the western California region of the United States, who have successfully implemented revenue diversification strategies to increase income sources. I communicated with the leaders virtually and electronically. During the initial contact, I presented an introduction of myself and explained the purpose of my relationship as a scholar-consultant to the organization, as part of the DBA Consulting Capstone project, and my study. All three participants are asked the same interview questions to support the triangulation of data. As well as to increase accuracy and reduce misinterpretation and misunderstanding, I shared the interview notes with the participants for verification and confirmation of the content or results accurately reflect his or her experiences. Smith and McGannon (2018) expressed that if the participant confirms the accuracy of the data or results, the findings can be

deemed credible, and the research is valid. Morse and Coulehan (2015) noted that researchers must be mindful that the data reported maybe proprietary and how that data traces back to a participant.

### **Research Method and Design**

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

#### **Research Method**

As a researcher is exploring strategies for revenue diversification that nonprofit senior executives use to increase income sources. I used the qualitative method to allow me to gain a greater understanding, produce rich and related detailed accounts of the organizational phenomenon, and the findings provided value to the field. Qualitative researchers search for how people make sense of social or human problems through there lived experiences (Yin, 2018). Notably, several researchers (Crane, Henriques, & Husted, 2018; Park & Park, 2016; Roy et al., 2015) explained that depending on the appropriate methodology might make significant contributions to the underlying research question and gets to achieving social validity. In quantitative research studies, phenomena studied by researchers when they occur but fail to explain why the phenomena occur (Phillippi & Lauderdale, 2018; Yates & Leggett, 2016). However, a qualitative case study is considered applicable in situations in which the outcome is unknown. Researchers use qualitative case studies to explore a specific business situation, by focusing his or her studies on understanding how those who live through an experience interpret that experience through the thick and rich description of discovery through interviews,

literature and article research, and observation of the phenomenon (Park & Park, 2016). Yates and Leggett (2016) articulated that to get to the *what, how, or, why* phenomenon, the researcher might perform in-depth interviews with the subjects that contain open-ended questions. Researchers use qualitative case studies to explore a specific business state, by focusing his or her studies on understanding how those who live through an experience interpret that experience through the rich and thick description of discovery through interviews, literature and artifact research, and observation of the phenomenon (Park & Park, 2016). Yates and Leggett (2016) confirmed that to get to what phenomenon how, or why the researcher might perform in-depth interviews with the subjects that contain open-ended questions. Palinkas et al., (2015) proposed that quantitative methods are better suited for research questions that seek to test hypotheses, by applying statistical and mathematic methods to examine variables, his or her relationships, and outcomes. My aim of this study was not to examine correlations or test hypotheses, quantify results numerically, validate results statistically, generalize findings, nor explain causality, therefore making the quantitative approach inappropriate. My goal was to generate strategies that could create revenue diversification and increase income sources that NPO leaders use to increase stability and sustainability. NPO leaders use financial strategies to anticipate, predict, evaluate, and allocate resources that need to reduce vulnerabilities and increase sustainability, including an increase in income sources (Hung & Hager, 2018). By conducting in-depth interviews to gather data, I studied human behavioral decisions that lead to revenue diversification to increase income sources by exploring that phenomenon.

## **Research Design**

The research design is used to explore case to generate insight from interviews conducted in human perception, lived experiences (Runfola et al., 2016; Yin, 2018). For this study, I performed a single-case study design to support the qualitative research method to gain a detailed understanding of a business problem of the selected client organization. Carroll and Stater (2009) determined that the nonprofit sector is a unique sector, which poses unique research design challenges. Case study research is one of the most frequently used methods by researchers (Yazan, 2015), I explored the strategies used by nonprofit senior executives to diversify of revenue to grow income, secure, and grow funding sources for his or her organization from businesses, fees, foundations, and donations. Researchers use a case study to explore an incident bound by time with the real-world setting of the situation (Dasgupta, 2015; Yin, 2018).

Dasgupta (2015) noted that researcher bases case study on naturally occurring activities and processes, and uses in all the social and natural science disciplines and the humanities. Elman, Gerring, and Mahoney (2016) articulated that does not attempt to influence the phenomenon or participants, but interpret the phenomenon. Most researchers based his or her studies on the fundamentals of theories discovered during literature review (Cope, 2015). Researchers use theories as a lens to understand complex problems and social issues, concentrating his or her attention on different aspects of the data to conduct his or her analysis (Ridder, 2017). Also, qualitative researchers rely on theories drawn from the social sciences and humanities to guide his or her research process and highlight his or her findings (Gaya & Smith, 2016). Yin (2018) expanded the

discussion of the case study design is a form of empirical study, and a research design applied research, with the purpose of solving practical problems. Yin classified case studies as explanatory, exploratory, or descriptive, as well as differentiated between single, and multiple case studies. Researchers use a qualitative method to gather descriptions to gain contextual understanding and eliminate ambiguity in the findings (Yin, 2018). Dasgupta (2015) contended that research design as a plan based on knowledge regarding the theory of facts sought by the researcher, and best used for the subjective analysis of experiences, while a qualitative or mixed method is better suited for objectively analyzing raw data. Runfola et al., 2016 and Yin, 2018 asserted the need for precise identification of the various tools available for use in analyzing case study evidence.

Qualitative methods include several other designs such as phenomenology, narrative, and ethnography that were not well suited for use in this study (Fusch G. E., Fusch, Booker, & Fusch, 2016; McCusker & Gunaydin, 2015; Yin, 2018). Researcher of phenomenological studies uses a common theme of lived experiences from several individuals (Facchin & Margola, 2016; Park & Park, 2016). Also, the phenomenological design is applicable when exploring individuals' perceptions and experiences about a topic or event (Adams & van Manen, 2017; Finlay & Elander, 2016). Lewis (2015) reiterated that the overall goal of a phenomenological study is to reduce all down to a single phenomenon or object of human lived experience that is common among the individuals studied. This design was not appropriate, because the purpose of this study was not to describe the experiences of nonprofit executives, rather explore individuals'

perceptions or lived experiences, as well as exploration strategies for revenue diversification by creating insights from interviews conducted in real-life settings rather than discussions.

Researchers use the narrative design to explore specific personal life stories to collect personal life experience descriptions of research subjects experiences retold in detail and rich description (Graci & Fivush, 2017; Lewis, 2015). The goal of this study was to explore NPO executives' successful strategies for financial sustainability through diversification, not individuals' life stories, thus making the narrative design inappropriate. Finally, ethnography is a complex undertaking where study a group with shared patterns over time to interpret culture in a real-life setting through extended participant observation on learned patterns of behaviors, values, beliefs, and languages (Sarmiento, Gysels, Higginson, & Gomes, 2017; Waring & Jones, 2016). I did not use an ethnographic design, because I do not seek to research on qualified behavior patterns and not intuitive group behavior patterns or social groups and how they interact often studied in ethnographic designs through extended observation.

To ensure data saturation for this single-case study and help to ensure the accuracy of this qualitative study, I used a purposeful sample of MMH organization in western California to satisfy the requirements of the DBA consulting capstone. In order to achieve data saturation, no new information should be uncovered by researchers using open-ended questions to gather information in qualitative research (Colombo, Froning, García, & Vandell, 2016; Lewis, 2015). Small sample sizes are more beneficial rather than the need for large volumes of rich data within the process of inquiry when there is a

need for an in-depth understanding of a phenomenon (P. Fusch et al., 2017; Fusch & Ness, 2015; Morse, 2015). Data saturation helped to answer my research question on revenue diversification to improve and maintain service offerings from nonprofit organizations.

Joslin and Müller (2016) expressed that methodological triangulation assists researchers to achieve data saturation. Member checking with collected and analyzed data of the study (Naidu & Prose, 2018; Varpio, Ajjawi, Monrouxe, & O'Brien, 2017). Sarma (2015) concludes that collecting data using multiple sources are involved in triangulation to enhance the researchers understanding of the topic. McCusker and Gunaydin (2015) indicated that a qualitative method is the best choice for conducting an exploratory study to develop a deep understanding and experienced-backed insight from small businesses regarding a phenomenon.

### **Population and Sampling**

For this study, I used a nonrandom purposeful sampling technique. Benoot, Hannes, and Bilsen (2016) and Chandani et al. (2017) expressed that a purposive technique is appropriate when researchers want to select specific participants deliberately based on specific characteristics or attributes, explicit and well-defined. For this study, it is essential to meet the eligibility criteria of identifying individuals who had served as organization leaders to NPO and have successfully implemented diversification strategies to grow income sources; therefore, the nonrandom purposive approach is justifiable. Case study research is an empirical inquiry to investigate and conduct an in-depth, real-world analysis of a contemporary phenomenon, where the boundaries and context may

unapparent (Palinkas et al., 2015). Benoot et al. (2016) and Palinkas et al. (2015) suggested that qualitative researchers use purposeful sampling to obtain rich data related to the phenomenon studied when constraints resources exist. Duan, Bhaumik, Palinkas, and Hoagwood (2015) and Gentles et al. (2015) implied that purposeful sampling identifies common patterns to formulate and evaluate assumptions. Bungay, Oliffe, and Atchison, (2016) and Sperandei, Bastos, Ribeiro-Alves, and Bastos (2018) posited that purposeful sampling could also help the researcher in selecting participants. I gained access to the population once I received IRB approval, for this single-case study which included the executive director, and two board members of a small, single nonprofit organization in operation for 20 years in western California of the United States. Different leadership levels within the organization provided diversity among the participants and a rich quality of data (Gilstrap, White, & Spardlin, 2015). Others such as Boddy (2016) and Palinkas et al. (2015) stated saturation in case study research occurs when the selection of participants or data examined does not lead to new information and themes not based on the enumerate of the appropriate sample size. Data and information gathered from document reviews and semistructured interviews reveal no new information data saturation is reached (Tran, Porcher, Tran, & Ravaud, 2017).

I conducted semistructured interviews, via telephone, with open-ended questions align with IRB requirements and approval. Using open-ended questions and a semistructured interview structure that allow the researcher to utilize the interview protocol to encourage each participant to reflect on his or her familiarity freely respond with more in-depth, relevant, new insights, and explicit information on the subject from a

qualitative study (Castillo-Montoya, 2016; Dikko, 2016; Lewis, 2015; Loosemore & Bridgeman, 2017). I scheduled semistructured interviews consisting of open-ended questions. Telephone interviews lasted approximately 60 minutes. In addition to the telephone, I used e-mail communications to obtain data. All participants answered the same questions but allowed additional follow-up questions to an inquiry for unique insights. I aligned the interview questions with the 2017-2018 Baldrige Performance Excellence Framework to ensure coverage of all required areas. Also, I continued to conduct semistructured interviews and utilize email communication with each participant to reach compressed data by generating no new information for data saturation.

Methodological triangulation encompasses using more than one technique to gather data, such as interviews, observations, surveys, and documents that enhances the results of a study (Fusch & Ness, 2015; Lorhan, van der Westhuizen, & Gossmann, 2015), by analyzing the data from the participants and documents gathered to achieve balanced and saturated data to study the phenomenon (Roy et al., 2015; Tran et al., 2017). I used methodological triangulation to ensure the validity of the data received during the analyses, coding process, and saturation of data. Purpose of the data collected was to determine the effectiveness and efficiency of the NPO leadership strategy implementation towards financial sustainability. Moreover, as part of conducting an organizational assessment, analysis, and coding process, themes that emerged from the research would identify the articulated idea. Themes would align with MMH organizational structure, leadership, culture, operational challenges, and strategies related to financial sustainability and diversification of revenue with growing income sources.

The client organization met specific Walden University criteria to be part of the DBA consultant capstone with specific requirements and protocols. For the consulting relationship, client leader signed the DBA research agreement between Walden University and MMH Company. Moreover, the assigned client leader ensured I received the signed informed consent agreements to interview the participants via email.

### **Ethical Research**

The most common ethics protocols for researchers include respecting autonomy, minimizing harm, privacy, and confidentiality, informed consent, protection of vulnerable participants, and acting equitably, as noted by Hammersley (2015). Researchers that conduct consulting services should engage in ethical research through transparency, building and maintaining rapport with the client by promoting open communication, develops trust, and fosters the client's desire to participate in the research project (Bronnenmayer, Wirtz, & Göttel, 2016; Porter, Wilfond, Danis, Taylor, & Cho, 2018; Yin, 2018). Bronnenmayer et al. (2016) likewise posited that an engaging and trustful relationship between consultant and the client is of essential and if the client trust is established with the consultant, they are more willing to share pertinent information, and as a result, problems can be identified and remedied with more ease.

IRB protects the rights and welfare of human subjects through established guidelines, which provide informed consent for research with human participants (Largent & Fernandez, 2017; Nakkash et al., 2017). Grady (2015) added that through the informed consent process, participants provide consent to the researcher on his or her involvement to the research study or decline his or her involvement in the study as

participation in the study is voluntary. Besides, Nakkash et al. (2017) and Riordan et al. (2015) concluded that informed consent is critical in promoting benefits, voluntariness, maintain integrity, and enhances transparency in research and costs for participants. To ensure my study complied with the requirement of Walden University, the DBA Capstone program, and an ethical requirement. I obtained the informed consent, via the e-mailed consent agreement, to protect the MMH organization's participants in this study. Information consent is an essential component for research and widely accepted as ethical, legal, and regulatory requirements involving human beings and ethical research (Grady, 2015; Spatz, Krumholz, & Moulton, 2016).

Within the content of the e-mail, I informed the MMH research participants that neither compensation nor incentives related to his or her participation in the study were available. Researchers found that incentives provided to participants for research studies did not increase study participation (Smith, Macias, Bui, & Betz, 2015). Incentives to participants may compromise the participant's ethical behavior and voluntariness of participation (Bouter, 2015). To avoid bias, participants are to be notified clearly about the unavailability of incentives during the research study (Annas, 2017).

Before collecting data, according to the and DBA Research Agreement and DBA Capstone Consent Form for senior executives, I informed participation in the study is voluntary, and the participants may withdraw from the study (Walden University, 2017a). I believe that the results of the study would assist senior executives of nonprofit organizations with knowledge gained for business practice and social change. To eliminate or reduce the risk to participants significantly, I used the interview protocol and

created ethical interview technique and ethical questions. Morse and Coulehan (2015) implied that the dignity and rights of research participants are ensured by confidentiality after the data is collected. Additionally, Morse and Coulehan as well as Ross, Iguchi, and Panicker (2018) posited that researchers are responsible for participant confidentiality and redacting identifying data or information explaining that researchers can maintain confidentiality by redacting identifying information that could compromise the participant or the organization. As the researcher of this study to protect the identity of the participants, I redacted the names of participants, as well as the organization they represent by using a pseudonym from collected data, interview transcripts, and organizational results to meet my obligation to ensure confidentiality. By using codes in place of participants' names would maintain confidentiality. Also, I shared the interview transcripts with the client leader, adhering to the member-checking protocol and seek approval of the censored version of my case study section before publication. To ensure confidentiality, I secured the retain all electronic data on a password-protected digital device located on mobile media for five years and then destroy them. Ross et al. (2018) and Spatz et al. (2016) contended that in academic research, it is crucial to ensure the protection of participants through ethical behavior.

### **Data Collection Instruments**

For this qualitative, single-case study, I served as an external researcher and as the primary data collection instrument. Several authors (Fusch & Ness, 2015; Stewart, Gapp, & Harwood, 2017; Van den Berg & Struwig, 2017) specified that in qualitative research the researcher is often the primary instrument for data collection. Researchers collect data

using diverse methods in qualitative research including interact with participants with interviews or focus group discussions and seek to understand or extrapolations and used to answer questions that generate new knowledge (Majid, Othman, Mohamad, Lim, & Yusof, 2017; Othman & Abdul hamid, 2018; Setia 2017). Kallio et al. (2016) postulated that rigorous data collection procedures could substantially influence the results of the study. Therefore, Gelling (2015) specified that the researcher must decide on the types of data needs to be collected and analyzed. Yin (2018) quantified six data collection techniques; (a) archival records, (b) interviews, (c) documentation, (d) direct observation, (e) physical artifacts, and (f) participant-observation.

I collected data using one-on-one semistructured interviews, public documents, and data supplied by the executive director of the nonprofit organization. Semistructured interviews in a study would allow participants to attribute meaning to his or her voluntary work (Romaioli, Nencini, & Meneghini, 2016). Dikko (2016) determined that researchers use semistructured interviews that include structured and unstructured interview methods providing consistency and flexibility. I based my semistructured interviews, on a review of the collected material from the organization, the research question of the case study, and use the 2017-2018 Baldrige Performance Excellence Framework using seven criteria for performance excellence, to collect the data from the three leaders of the nonprofit organization. Seven criteria are categories as (a) leadership, (b) strategy (c) customers; (d) measurement, analysis, and knowledge management; (e) workforce; (f) operations, and (g) results. By using semistructured interviews and material search, my objective for the study was to explore diversification strategies that NPO senior executives use to

increase revenue sources. I used nine questions in my study to collect data as well as review organizational documents that participants share. Shared documents include reports, accounts, organizational charts. Wang (2016) and Kenno, McCracken, and Salterio (2017) described that interviews and documents analyzing are standard techniques for obtaining information, provide clarity, and help the researcher stay focus on collecting data.

I used two techniques such as member checking and methodological triangulation to ensure reliability and validity of the case study as well as to achieve data saturation. With the permission of the participants, I audio-recorded the interviews and transcribed to ensure the accuracy of the interpretations of the data. Debono et al. 2017 endorsed that to check for accuracy of dialogues and eliminate misrepresentation, Naidu, and Prose (2018) and Thomas (2017) noted that researchers use member checking to verify the interpretations of the data as part of the data collection process. Additionally, Harvey (2015) and Morse (2015) recognized that member checking method enables the researcher to engage the participant in reviewing the researchers' work for participant validation that ensures quality, accuracy, eliminate misrepresentation, and increases the reliability of the study.

I employed methodological triangulation, where multiple sources of data as a quality metric collected to enhance credibility and reliability. To enhance the understanding of the topic researchers used document review to triangulate and confirm correlate data collected through multiple data collection methods such as interviews, and

researched literature to ensure accuracy of the research (Fusch & Ness, 2015; Padgett, Gossett, Mayer, Chien, & Turner, 2017; Wang, 2016).

### **Data Collection Technique**

In this qualitative single-case study, I used semistructured interviews, reviewing internal and external public documents, review of online resources, such as GuideStar (2018) and shared documents by the client leader to explore the depth and complexity of MMH nonprofit organization, using a purposeful sample of the executive director, and two board members of the organization. The research question was, what strategies do nonprofit executives use to develop long-term revenue diversification to help ensure his or her ability to improve and maintain service offerings? Palinkas et al. (2015) reasoned that researchers who conduct studies in the qualitative method preferer the data obtained through the interview technique as they may help researchers understand interviewees' experiences. Additionally, the questions that are targeted and may provide an opportunity for deep insight (Yin, 2018). Several qualitative researchers (Benoot et al., 2016; Bungay et al., 2016; Duan et al., 2015; Ranney, Meisel, Choo, & Sasson, 2015) posited that identify participants by the use purposeful sampling, potential to yield rich data using semistructured interviews as the data-collection technique provided with a deeper understanding of the strategies and process that senior executives used for revenue diversification. To provision the reliability and validity of the study, I used methodological triangulation for all data collected and member checking for each interview and yielded data. To ensure the data saturation as well as increase validation and dependability of researchers' findings member checking is used as a strategy (Varpio

et al., 2017). Ranney et al., 2015 noted that the researchers should take the opportunity to offer a summary of the discussion at the conclusion of the interview, by allowing participants to clarify or refine their responses as well as take notes, record additional observations, and debrief the data analysis process, which I accomplished. Varpio et al. (2017) and Tran et al. (2017) further expressed that qualitative studies are deep-rooted in researchers and participants social interactions process that is exercised in constructivist and constructionist epistemologies. Varpio et al. also noted that member checking is recommended before the end of the study.

I worked with my client leader of the NPO to gain access to and review organizational internal and external documents. Documents include a variety of articles of corporation and bylaws, board minutes, strategic plan, financial reports, budgets, promotional material, tax filings, mission, vision, and value statements. Yin (2018) specified that researcher corroborates and augments evidence from document reviews are an appropriate data collection technique. Additionally, Yin implied that a shortcoming of the data collection technique is biased selectivity, reporting bias information by the researcher.

### **Data Organization Techniques**

Ranney et al. (2015) and Schneider, Coates, and Yarris (2017) stated that while there are general guidelines and ethical considerations for each method, it is ultimately up to the researcher to design a strategy for how exactly to go about collecting and organizing data. Fusch and Ness (2015) illustrated that organizing data helped the researcher to remain focused on the desired task, such as to explore and describe

accurately document collected data. To stay organized, I stored all electronic data and interview notes electronically, which enabled me to keep track of data and emerging understandings. Ganapathy (2016) and Hardy, Hughes, Hulen, and Schwartz (2016) suggested researchers who conduct interviews should maintain a journal of ideas to provide supplementary data to analyze and the qualitative inquiry can deliver profound personal and relevant information. Researchers need to understand how to use various strategies to ensure rigor and minimize bias, his or her actions throughout the research can affect the overall research process (Cope, 2015). Use of a journal or notepad to document personal feelings and reactions and to write memos, interviews with an outside source, and reflective journals are methods for researchers use to mitigate potential effects of preconceptions (Sorsa, Kiikkala, & Åstedt-Kurki, 2015). Sorsa et al. (2015) expressed that reflection involves critical reflection on the construction of knowledge and critical thought, feeling, and personal reflections, which affects the research study. Identifying and defining themes that arise the point at which data can be reliably categorized, analyzed, interpretation of meaning and coded is the point at which saturation has been reached (Smith & McGannon, 2018). To keep track of all data and emerging meaning with clear interpretation, I organized the data and interview notes electronically and themes to organize the data concepts, and experiences described by participants of the interview to provide high-quality data for analyses. Several authors (Woods et al., 2016; Yin, 2018; Zamawe, 2015) noted that researchers might use a computer-assisted qualitative data analysis software, so that researchers can systematically analyze large volumes of data, ensuring the quality of his or her analysis.

As noted by authors (Elaldi & Yerliyurt, 2017; Robins and Eisen, 2017; Zamawe, 2015) postulated researchers use NVivo as a software application for research designs and data analysis methods for coding and identifying themes process. Gathered data is described as themes in relation to the foundation of the study by the researchers (Wieland, Handfield, & Durach, 2016). I used a conventional processing tool such as Microsoft Excel, initially, and then NVivo to arrange the narrative and numerical data as well as to support me in the coding process, storage of data, the establishment of themes derived from the semistructured interviews, and in the preparation, organization, and management of data for analysis. I stored all research study-related material, including electronic data material in a secure electronic folder located on removable media and would remain stored for 5 years after the completion of the doctoral study to meet the IRB requirements and Walden University. After 5 years I will delete the flash-drive files permanently and shred paper documents 5 years after the publication of my study. Hardy et al. (2016) reported that security is critical for data collected for research exploration.

### **Data Analysis**

The goal of this qualitative single case study data analysis was to explore strategies that leaders use to increase revenue sources by successful diversification in NPOs. Ngoc, Hallinger, and Truong (2018) noted that qualitative data analysis aimed at identifying modal practices adopted by participants of organizations for the successful implementation of strategies. Ganapathy (2016) implied that data analysis is to discover new knowledge included identifying raw data. Accordingly, Yin (2018) identified analytical procedures involved coding data based on sources and within case study

analysis involves developing detailed write-ups for each case according to the foci of the research. I generated categories searching for patterns, commonalities, and contradictions. Themes help recognized the importance of taking account of both personal and contextual influences in shaping leadership practices (Clarke & O'Donoghue, 2017; Li, Hallinger, & Ko, 2016). Yin (2018) detailed that a researcher's objective is to take notes throughout the data collection, and analysis stages of research by recalling his or her initial impressions while writing the manuscript, reduce data without losing the knowledge that enables conclusions to lead to propositions. For data analysis, I used methodological triangulation in this study to compare raw data derived from interview participants and information from internal and external sources, as well as performance outcomes.

In case of studies, Dewasiri, Weerakoon, and Azeez (2018) and Lorhan et al. (2015) promoted using methodological triangulation to gather data to study the phenomenon, analyze the data, and achieve data saturation. I collected data from several sources, including interviews, researched literature review, and reports provided by my client leader. Fusch, Fusch, and Ness (2017) posited that the researcher would correlate data from multiple data collection methods to add depth to data helping to reach data saturation. Next, Fusch and Ness (2015) argued that methodological triangulation ensures rich, in-depth data to gain an understanding of a phenomenon. I accomplished this by using Microsoft Excel spreadsheet and NVivo 11 Pro, as previously described in my data organization section to identified key themes and theme correlation, codes by an analysis of participant data, the conceptual framework and conducting the literature review. My

goal from the analysis was to help understand the key themes describe the phenomenon, providing me with the in-depth understanding of my client nonprofit organization within the Baldrige Performance Excellence Framework (2017) and its criteria. I studied and combine the codes into themes to explore what strategies my client organization used in making financial decisions such as diversification of revenue sources to increase income.

I identified key themes of the data through analysis and correlated them with the review of literature and conceptual framework of organizational configuration and through the lens of Markowitz's (1952, 1991) portfolio theory, as adapted to NPOs by Carroll and Stater (2009), Grasse et al. (2016), and Kingma (1993). From these authors, I compared key themes identified with the conceptual framework and any new studies published since the beginning of my study by conducting the literature review. Based on the experience of Vaughn and Turner (2016) concurred that researchers select a coding procedure to identify patterns and create themes from transcribed to organize and highlight meaning to code qualitative data. I diligently analyzed and disassembled the data in an organize relevant categorized and coded concepts and ideas using the qualitative software analysis method NVivo 11 Pro. Next, several authors (Acharya & Gupta, 2016; Houghton, Murphy, Shaw, & Casey, 2015) also advised researchers to examine code data, identify patterns or connections, and organize themes into relevant categories or among categories. I presented the findings and conclusions based on MPT, which is the conceptual framework for this study. Also, I compared these study findings with prior literature findings to draw conclusions and recommendations. At the completion of analyzing the data collected and the coding process, to ensure reliability, I

performed member checking and triangulation to validate the interpretation of the themes.

### **Reliability and Validity**

All research, no matter the design, researchers should establish four trustworthiness criteria such as credibility, dependability, confirmability, and transferability that establishes research rigor of qualitative studies that deliver reliability and validity (Abdalla, Oliveira, Azevedo, & Gonzalez, 2018; Park & Park, 2016). I used triangulation and member checking to ensure the reliability and validity of this study.

#### **Reliability**

According to Cypress (2017), the basis of reliability in qualitative studies is synonymous as dependability, which is to demonstrate when data remains consistent over time and care in the application of research practices, analysis, and conclusions. Also, reliability measures are essential for qualitative data to determine the stability and quality of the data, as well as data obtained, are free from error. Leung (2015) and Yin (2018) reported that researchers define the extent to which enhance consistency in qualitative research methods and findings as well as minimize bias and errors, provides reliability by replicating the study with similar conditions in other settings. Additionally, Lewis (2015) expressed that error-free data recording and transcription can ensure the reliability of qualitative research. Lack of clarity and challenges to a measure the quality of the study increase bias in a researcher's study (East, 2016). Integrating strategies that are methodological in qualitative research, such as thick descriptions that provide an exceedingly detailed account of interviewees' ideas, perspectives, options, and beliefs

increases the reliability of the study (Cornelissen, 2017). To ensure reliability, I used the qualitative research method, interview procedure, and interview questions to assist in the dependability of the study, through member checking, interview protocols, and triangulation. Member checking is a technique for researchers to assess validity in qualitative research by consulting the participants to confirm the data of research study gather through interview questions regarding research questions, recruitment, operational procedures, data analysis, strategies, and implementation plans (Madill & Sullivan, 2017). Based on the experience of Rosenthal (2016) and Yin (2018) noted that researchers ensure the quality of the data for research analysis by transcription of all interviews of the participants are credible, and all pertinent data are included in the study. To enhance the reliability and accuracy of the findings by the method of member checking, I conducted transcribed reviews of the interviews by providing the research participants the opportunity to review and ensure the accuracy of the transcription of his or her interview statements. Ensuring the accuracy of interview transcripts, researchers may secure dependability and credibility of qualitative research results through member checking (Rosenthal, 2016). Detailed member checking creates an opportunity to engage with client leaders of organizations to help with evaluation, improvement, and dissemination of findings of the interview and interpreted data (Birt, Scott, Cavers, Campbell, & Walter, 2016). I used triangulation and member checking to verify data dependability, Joslin and Müller (2016) advised the use of various methods to obtain triangulation enhanced the validity and reliability of the research study. I applied the

following recommendations to my study (a) transcribed interviews, (b) obtained thick descriptions, (c) member checking, and (d) uses triangulation of multiple sources.

### **Validity**

Validity relates to the credibility, authenticity, transferability, impartiality, and conformability, which represents an accurate reflection of the data in the findings and reflect an accurate representation of the phenomenon under study (Noble & Smith, 2015; Park & Park, 2016; Vasco, 2015). The highest form of ethical standards expected from a case study researcher (Yin, 2018); the researcher ensures the adequacy of the data collected from interviewed participants and other literature. Heesen, Bright, and Zucker (2016) explicated that member checking and methodological triangulation are appropriate methods to support research validity, which I used in the study. Fusch and Ness (2015) illustrated that researchers use data triangulation to enhance reliability when no new or additional information is uncovered. Credibility, transferability, and confirmability are trustworthiness criteria that ensure the quality of qualitative research study's findings (Jacobson & Azzam, 2016). According to Connelly (2016), credibility involves confidence in the truth, the believability of, or confidence in the findings of a study.

Additionally, to demonstrate transferability researchers need to relate to the range and limitations of the implementation of the study findings, beyond the circumstances in which where readers can determine how to apply the results to his or her situation (Connelly, 2016; Park & Park, 2016). To establish transferability, I provided a thick description of the single-case study, that is, by giving detailed information on the research setting, and the overall research process, researchers assure transferability as

noted by Jacobson and Azzam (2016). Hays, Wood, Dahl, and Kirk-Jenkins (2016) and Cypress (2017) implied that confirmability refers to the accuracy of data, genuine reflections of participants' perspectives, the lack of bias, and the rigor of the overall research process. I followed the iterative data analysis measures and ensured the repeatability of the study results outlined previously. Colombo et al. (2016) and Fusch & Ness (2015) clarified that data saturation happens when there is sufficient data to replicate an inquiry, and generalizability is achieved in the findings.

### **Summary and Transition**

Section 2 encompassed the purpose of the study, the role of the researcher, research method and design, and description of the select population criteria and sampling and sample size and to achieve ethical research, data collection instruments, and techniques, data organization techniques, data analysis; and ensure reliability and validity of the study. The section also included a comprehensive view of the study design and the study plan. Three senior executives of a nonprofit organization in the western United States participated in semistructured telephone interviews to explore strategies nonprofit leaders use diversification of revenue to increase income. I continued interviews with each participant until I achieved data saturation and analyzed organizational documents using methodological triangulation. Also, I included the measures to protect each participant as a human subject as well as identified strategies used in data storage. In Section 3, I provided a complete account of the research conducted for the DBA Consultant Capstone. I used the 2017-2018 Baldrige Performance Excellence Framework and its Criteria for Performance Excellence to conduct an in-depth qualitative single-case

study. Likewise, a systems-based assessment helped me evaluate the strengths and opportunities for improvement of my client of MMH Company. Subsequently, research conducted in Section 3 delivers a review of several organizational components to include: (a) leadership, (b) strategy, (c) customers, (d) measurement, analysis, and knowledge management, (e) workforce, (f) operations, and (g) results. Additionally, Section 3 gives implications for social change, recommendations for action and further investigation, and reflections. Finally, Section 4 includes the findings and the application to professional practice, an executive summary of key themes, and contributions and recommendations for future research.

### Section 3: Organizational Profile

MMH is a nonprofit organization with a resource center providing help and offering hope to single mothers of young children located in western California in the United States. The organization's leaders and workforce offer quality programs that include parenting education for families with children under age 6, case management, self-esteem and self-efficacy courses, client transportation assistance, mentoring, community resource and life-skills classes and an incentive program that assists families with their basic needs while training participants on budgeting, leading to greater self-sufficiency.

The founders of MMH developed the resource center in 1996. The leaders of the resource center assist families in crisis, single mothers of young children deserve nurturing homes, quality mentoring, assistance with families with their basic needs, self-esteem, and self-efficacy. The board of directors, volunteers, and donations support the operations at MMH. The leaders of the nonprofit, and staff are stalwarts in the community, employing a team of staff members at two sites, one as the main office and classrooms, the other as an offsite thrift store and employment development program to promote growth within communities, and education to foster self-reliance. In the most recent 12-month period, MMH has offered services to more than 680 families, impacting more than 2800 individuals. The organizational profile identified by the Baldrige Excellence Framework (2017) is a snapshot of the organization, the key influences on functions, and critical challenges faced by organizations. Also, it helps in identifying gaps in vital information and focus on essential performance requirements and results.

Innovation is a strategic driver for competitive nonprofits; it is a key component in protecting knowledge assets and seizing new opportunities in an uncertain economic environment (Álvarez-González et al., 2018). Besides this, innovation plays a pivotal role in producing unique products and services by adding value to existing products to additional establish entry barriers for other competitors. Firm leaders who practice innovation have been shown to attain more resilience and success when it comes to responding to the rapid changes in the surroundings and when developing new abilities. Menezes, Martins, and Oliveira (2017) noted that an accurate organizational profile is the essential initial step in analyzing the entire business environment, including both internal and external dynamics, and permits the leaders to consider the entire organization's strengths and challenges.

### **Key Factors Worksheet**

#### **Organizational Description**

MMH resource center is a small nonprofit organization located in western California in the United States. MMH received 501(c)(3) status effective December 31, 1996. Client leaders rely on donations from primarily individual donors, community members, income from social enterprise, and volunteers, as well as some grant funding, specifically community development block grant (CDBG) home funds for sustainability. The goal of MMH leadership is to ensure long-term sustainability in order to continue providing families and young children within the community with assistance. The leaders of MMH strive to provide a helping hand to marginalized, low-income families in crisis, ensuring children grow up in nurturing homes as well as offer services long-term to any

single mother who is expecting or has at least one child under the age of 6. There is a total of 144,728 nonprofit organizations out of which 105,876 are 501(c)(3) public charities (includes some religious organizations), and 10,000 characterized private and public foundations in the state, with 3,791 nonprofits located in the organization's service area. Human services nonprofits included 1,002 organizations that are 7% of California nonprofits. The average gross receipts of the 478 local human services nonprofits were \$1,451,845 and average assets value of \$1,867,640. There is an uneven distribution of resources among public charities in the organization service area. Based on average assets and revenues, institutions of higher learning and hospitals have the most assets and revenues. However, human service charities make up the bulk of organizations but only represent mid-range assets and revenues in the studied area. The growth of the nonprofit sector in the service area has been stagnant over the last decade, experiencing neither growth nor decline.

In contrast, other nonprofits organizations in comparable counties in western California, United States increased in number by 18%, impacted by similar economic conditions and experienced growth in the sector during the same period, due to the integral role charities play in the society (Giving USA Foundation, 2018). However, nonprofit leaders fail to retain donors to continue to sustain operations (Ramanath, 2016). Public charities throughout the region rely primarily on program service fees and contracts. Social service sector nonprofit leaders rely more on primary revenue stream and have the least amount of revenue coming from other sources such as contributions, gifts, and grants when compared to the other three counties. Freeman (2017) identified

that in 2012, 23% of the family heads in U.S. households were single mothers with young children. Freeman argued that it is impossible to decouple low-income single mothers from their children as when plotting a path to economic stability or economic independence. Freeman also found that more than 40% of children living with single parents are poor.

### **Organizational Environment**

The MMH organization's key characteristics are a focus on service toward crisis families with single mothers and their young children. The resource center leaders and staff emphasize the organization's product offerings to support single mothers with basic needs, including parenting, nurturing young children, and training mothers in achieving self-sufficiency. Organization leadership has separated the center's products and services into two offerings—: (a) outreach to single mothers with basic needs, and (b) advise, education and training to nurture and achieve self-sufficiency.

**Product offerings.** MMH's product offerings include services to assist single mother families in need with emergency supplies as well as parental guidance and training for new single mothers. MMH organizational staff shares information about community resources with individuals and families in need. In the same way, through the organization's thrift shop, consumers can gain access to basic goods such as clothes, diapers, and items for their household.

*Nurturing parenting education programs:* Largely focused on for families with children under age six are a family-centered trauma-informed initiative intended to build nurturing parenting skills as an alternative to abusive and neglecting parenting and child-

rearing practices. MMH nonprofit management's parenting classes offer a 16-session interactive, evidence-based program for parents and their infants, toddlers, and preschoolers, providing opportunities for them to learn and practice identifiable competencies and develop a nurturing family to prevent the occurrence of child abuse and neglect. This course is the core of all service delivery provided through the MMH organization. Complementary to this, MMH nonprofit also provides pregnant women with information about their options to assist in future decision making. Resource and referral information is offered regarding parenting, adoption, and abortion options. The long-term goals are to avert recidivism in families receiving social services, lower the rate of multi-parent teenage pregnancies, reduce the rate of juvenile delinquency and alcohol abuse, and stop the intergenerational cycle of child abuse by teaching positive parenting behaviors.

*Case management:* Provided to individuals and families to assist them in recognizing their unique strengths and identifying goals as part of personal empowerment.

*Self-esteem and self-efficacy courses:* Skill-development workshops provide and enhance an individual's ability to establish healthy life strategies. Workshop topics include sexual integrity, fathering issues, and healing is a choice.

*Client transportation assistance:* Transportation assistance service is a key product provided to prospective clients. Single mothers can utilize door-to-door transportation to get to doctor appointments, WIC appointments, county meetings, parenting classes, and case management appointments, which include bus vouchers

provided by the organization as part of the service delivery.

*Mentoring:* People need other people who understand their challenges, who are there for them. The mentor program is envisioned to pair individuals who are existing program participants with those who have gone through the program and who have overcome challenges as a result of the program.

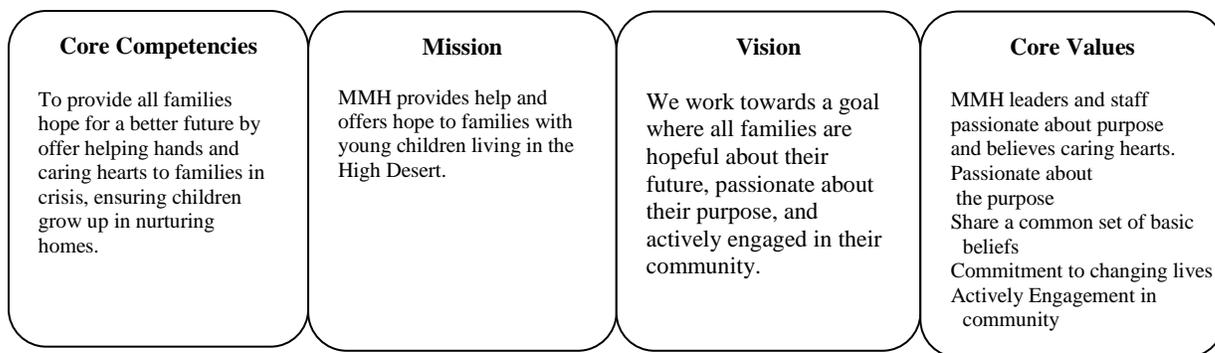
*Community resource and life-skills classes:* an incentive program that assists families with their basic needs while training participants on budgeting, leading to greater self-sufficiency. Consumers can gain job training and skills necessary to prepare them for the work world through on the job experience at the organization's thrift store.

Leaders and staff of MMH seek to accomplish outcomes such as self-sufficiency, access to resources, strengthened families, and personal empowerment for children, families, and communities in the long run because of organizational efforts. Stakeholders of MMH provide programs to primarily focused on single mothers for their daily essentials to job training activities to transportation and assist the affected families with economic empowerment and access to resources for identified needs. The delivery mechanism for MMH senior leaders included a hands-on approach to providing life skills development through year-round tutoring, mentoring, guidance, and behavioral interventions. The leaders of MMH use a mixture of resources to deliver products, including specialized caseworkers, partnering facilitators, childcare facilitators, and employment development specialists. Also, the MMH leaders share organization website, social media platforms, and marketing materials during the community awareness meetings and on-site and off-site community events. The relationships gained by the

organizational staff and single mothers helped create long-term mentorship opportunities and lifelong friendship. MMH senior executives aim to make the experiences of the crisis-hit families with young children under age six a positive experience to bring awareness to nurturing parenting education disparities, share the vision of the resources center, and increase their willingness to volunteer.

*Mission, vision, and values.* Leaders at MMH encouraged the core competency of the company, by providing a free center for human family services to primarily marginalized single mothers with respect and dignity. The core competency directly correlates and supported the mission, vision, and value (MVV) of leaders at MMH Company. Likewise, senior executives at MMH reinforced the core competency by encouraging a supportive and open communication environment that adhered to organizational values or desired results that guided ethical behavior, motivated to work with passion and faith. Cabrera, Cabrera, Powers, and Solin (2018) explained that have a focused, measurable, and achievable organizational vision, and a mission that offers simple rules that followed by stakeholders bring about the vision. The significance of the leadership lies principally in deciding on and implementing simple rules for the organization. Cabrera et al. also expressed that the purpose of a mission is that everyone knows the simple rules to follow that, in repetition to achieve the vision. An organization's vision is its desired future state or goal and purpose of having an organizational vision is to ensure that everyone knows the future goal the organization is trying to reach (Olson, Slater, Hult, & Olson, 2018).

Mission and vision statements are an imperative part of strategic administration process for the organization (Cabrera et al. 2018). It applies to all categories of organizations such as public, private, profit or non-profit, multinational as well as small and medium scale enterprises. A well-constructed vision and mission statements would distinguish one organization from another by showing unique characteristic that differentiates it from other entities while contributing to its competitive advantage (Gupta, 2015). Warrick (2017) belabored that mission statements in the organization offer direction into what the leaders of the organization see as the key strategic objectives of being in business. A portrayal of the MMH organization's core competency, mission, vision, and core values, which the leadership established in 1996 and further amplified in the following essential expertise (Figure 3).



*Figure 3.* Mission, vision, and values of MMH

Kopaneva and Sias (2015) gathered that NPO leaders need effective leadership practices to achieve their mission and vision objectives effectively. Good intentions of business are pointed out in their mission that leads to profit. Most organizations achieve short-and long-term objective using the mission statement. I have placed these essential

elements side by side to allow a more natural depiction of the associations and interrelationships of the NPO's core competency, mission, vision, and core values.

*Core competency.* Based on the Baldrige Performance Excellence Framework (2017), core competencies are the organization's strategically most significant expertise. Specialized capabilities that are central to fulfilling the organizational mission as well as provide a competitive advantage in the marketplace or service environment. Competitors find it challenging to imitate the core competencies of organizations and frequently preserve the competitive advantage. MMH senior executives promote core competency of hope by offering a helping hand and caring hearts to families in crisis, ensuring children grow up in nurturing homes. The primary objective of MMH stakeholders is to provide helping hand to families in crisis, especially single mothers with young children.

*Mission.* Kopaneva and Sias (2015) stated that organizational mission, vision, and core values have primarily centered on the leader's role in developing and implementing while neglecting employee worldviews on mission and vision. The organizational purpose or reason for existence today defined in the organization's mission statement and what the companies want to be in the future—its ideal future goal is defined by an organizational vision statement and the length of the strategic plan (Kopaneva & Sias, 2015). The vision statement is to motivate and inspire the stakeholders and proclaimed to be achievable. The mission statement is simply a purpose statement that the organization seeks to accomplish, why it exists, and what ultimate result expected. Rao (2017) stated that employee engagement is about guiding stakeholders decisions and behaviors, as well as motivation connecting the vision and mission of their organizations. The mission for

MMH nonprofit business leaders is to assist and offers hope to families with young children living in the high desert.

*Vision.* Employee dedication, both emotional and rational exists to achieve the mission, and vision of the organization (Gupta, 2015). Similarly, transactional leadership provides a vision and a mission (Srivastava & Jain, 2017). Effective leaders that set values and participate in the decision-making process is key not only to realize the vision, mission, and goals of the business but as well as building the organizational culture. Warrick (2017) claimed that the underlying organizational culture is a major factor in the success of an organization. Performance and prowess of a company, the self-confidence, and efficiency of its employees, and ability to attract, inspire and retain talented people can be significantly influenced by the organizational culture (Warrick, 2017). The vision of the MMH nonprofit management is to provide hope to all families about their future, passionate about their resolution, and actively engaged in their community.

*Core values.* Warrick, Milliman, and Ferguson (2016) argued that the organizational culture describes the environment in which people influence they think, act, and experience work and represents the shared beliefs, core values, attitudes, norms of behavior of people in an organization. The underlying core values of MMH is that leaders and staff passionate about purpose and believes caring hearts. The stewards are passionate about the purpose, share a common set of fundamental beliefs, commitment to changing lives, and active engagement in the community.

Warrick et al. (2016) propounded that core values are the general classification of belief and behavior; which purpose is driven and clarify the vision of an organization.

Core values are management beliefs, traits, and behavioral norms that determined to guide the pursuit of its vision and mission (Kopaneva & Sias, 2015). In addition, Lee and Keng-Boon (2015) and Warrick et al. urged that core values relate to fair treatment, integrity, ethical behavior, innovativeness, teamwork, top-notch quality, superior customer service, social responsibility, and community citizenship. The core values of the organization drive employee empowerment and engagement profoundly influence the vision of an organization. Therefore, organizational leaders that work on core values and practicing them in the corporate setting is of high importance for creating and clarifying the vision of an organization.

**Workforce profile.** The workforce profile, featured in Table 2, displays employee classification, number of employees, minimum educational requirement, and key drivers relative to the position.

*Workforce profile.* There is a four-member board that oversees the governance of the MMH nonprofit organization. The board members have varying professional experience and expertise, and most have human services experience. The executive leadership consists of a Chairman of the board, executive director, secretary of the board and treasurer, as board members. Of the four top board members, one member is a professional Certified Public Accountant (CPA), and the other three have previous nonprofit sector experience. All executive-level staff are college-level educated and hold various certifications. Currently, staff roles are housed within two sites in the organization and disperse throughout the main office and classrooms facilities, and the other as an offsite thrift store and employee development programs. As of 2018, there

was limited volunteer participation in daily operations. Volunteers enter the workforce during community service events. Leaders expressed a desire to increase the level of volunteer involvement in working directly with clients and in back-office support roles. The workforce of MMH organization comprises of three administrative staff and six full-time staff and four part-time employees (refer to Table 2).

Table 2

*Workforce Demographic Data*

	Corporate functions	Positions to filled
Board of directors	4	
Executive roles	3	
Management roles	0	1
Staff roles	6	
Volunteers	2	

Leaders of the MMH encourage and expect the employees to continue to develop their skills and expertise in their relevant areas of accountability and responsibility. For roles of the organization such as bookkeeping, caseworkers, parent, and childcare facilitator within the organization, employees are required to have a specific education, certificates, or experience. As part of most grant renewal processes, employees are expected to participate in annual skill training. Employees of MMH organization are encouraged to obtain additional education and are offered tuition assistance for college courses that relate to their job function. At present organizational benefit for employees

for improving skills are fewer due to lack of resources. Leaders are taking an active approach to introduce more employees the tuition assistance benefits.

Usually, employee engagement is high due to the nonprofit's religious affiliation as well as staff share a standard set of fundamental beliefs which provide the team with a sense of identity. Individuals that take a position within the nonprofit sector usually. Believe in spirituality and the cause of the organizational mission. Due to the challenges of specific job functions, such as casework, exhaustion, and overwork due to burnout are more common in these front-line roles. MMH organizational executive leadership has been in his roles for more than five years and are making needed changes to processes, an organizational structure that filled essential positions and focuses on the core competencies and core values. Some employees have had trouble in for filling job role responsibilities and working within the changing work environment. Senior leaders are addressing employee engagement, change management, and potential burnout through direct employee personal support, changing processes, and technology support. Leaders of MMH encourage employees to actively involved in assisting in setting priorities and strategies, operations, business development, external relations, and programs. Moreover, decision-making channels to the appropriate level of the organization. The executive director manages day-to-day operations and distributes or delegates possible functional responsibilities for (a) organizational finances; (b) case management; (c) team coordination; and (d) mentoring, and nurturing programs. Because personal empowerment services being the major products that the foundation provides, the executive director, who has staff authority overall program efforts and withal provides

two board members with recommendations on services and opportunities, Table 2 provides an overview of the responsibilities of each position below the executive director.

**Assets.** The MMH organization is the main corporate facility is located in a small metro area within the high desert of California state. All organizational services are provided within the corporate facility. Leaders acknowledge the shortages in the technology, however inhouse custom made client database is used for the case management system and are considering upgrading it to an enhanced customer relationship management system that allowed for increased prowess and efficiencies when assisting clients. Board members conduct meetings within the office and via teleconference.

Along with client databased employees use donor management system, and other software programs to complete daily tasks, keep records, and record and consolidate financial data. Clients are assisted through telephone, in person within the resources center and e-mail communications. The nonprofit leaders currently operate a thrift store located separately from the resources center. The principal assets of MMH organization is a vacant parcel of land donated in 2008, enabling possible expansion of the resources center and thrift store. Leaders of MMH hopes to develop current operations and expansion to transitional housing services. Additional assets include cash, accounts receivable, prepaid expenses, and deferred charges, and depreciation.

**Regulatory requirements.** MMH organization is a 501(c)3 nonprofit human service organization, and organizational leaders are required to follow all laws. Based on the Internal Revenue Service Code requirements for 501(c)3 as a tax-exempt organization

must comply with all applicable state statutes regarding nonprofits, including disclosure and financial statement requirements. MMH organization's executive director discloses financial statements and adhere to tax regulations typical of all 501(c)(3) nonprofit organizations and file an IRS Form 990, exempt from income tax, annually requires as part of his fiduciary duty. As an essential compliance requirement with the IRC, board members, directors, and financial officer maintain independence, avoiding conflicts of interest, and continue to require reviewing and sign the organization's conflict of interest policy annually. Including the leaders of MMH organization provide annual financial statements to numerous stakeholders such as donors and grant providers. The annual financial statements are audited annually by an independent audit firm. MMH organizational leaders deliver an annual report that details the services provided to distress families and mothers with young children, statistics, effectiveness such programs, and strategy information. Leaders and staff of MMH organization must abide by written policies that include bylaws and principles. As part of good governance organization's audit committee, which includes a certified public accountant (CPA), selects an independent auditor to conduct an audit of the finances and IRS Form 990. Use of funds and grant parameters are essential components in the allocation and tracking of grant funds.

**Organizational relationships.** Review of the MMH organizational relationships includes information regarding governance structure or organizational structure, customers, stakeholders, suppliers, and partners.

**Organizational structure.** The organizational structure within MMH organization where reporting relationships are grouped based on the functional area (Figure 4). The board of members are responsible for governance oversight of management and approving the strategic direction and policy plan set forth by executive leadership.

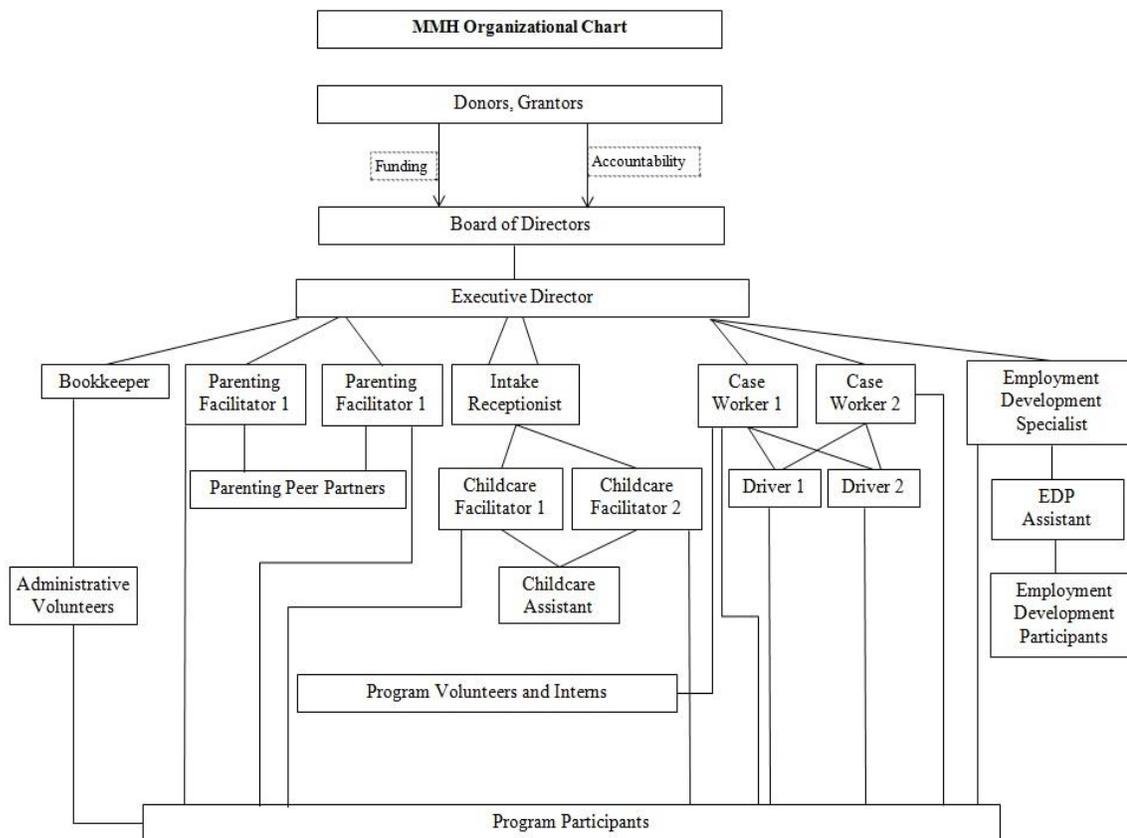


Figure 4. MMH organization structure and staff roles

The board which governs the MMH organization, consist of three board members and a chairman of the board is informative and active in policy decision making and annual strategy direction. The executive leader reports directly to the chairman and the board of directors and is accountable for strategy implementation and organizational growth. All other staff officer administrative, program officers report to the executive

director and are responsible for functional areas within MMH organization. Volunteers do not have a daily or consistent functional role within the MMH organization. The board and the leadership of MMH include emeritus status to the two co-founders. The executive director conducts quarterly meetings with the board to provide updates on MMH organization finances and updates on programs. MMH organizational leaders use their website as their connection to clients and stakeholders to provide public access to the organization's mission statement, provides names of executive directors and staff, details of programs, services, thrift store and the ability for donors to donate. Organizational leadership found that the website was a method people use to reach out.

*Customers and stakeholders.* A key client is crisis-hit families and single mothers of young children within the high desert community of the county where MMH organization is located. The stakeholders are the key customers, the board of directors, executive director, the staff, organizational partners, and the community.

**Table 3**  
*Key Customers and Stakeholder Requirements*

Key customers	Key requirements	Alignment
Fractured families, a single mother with young children	Provide services to assist for basic needs, job training, nurturing parenting training, self-efficacy	Review of key strategies and processes that align with the organizational mission, vision, and values, to provide hope crisis-hit families
Key stakeholders	Key requirements	Alignment
Board of directors	Accountable for strategy approval, adherence to all local and federal laws, financial oversight, adherence to organizational bylaws, policies, procedures, and mission, vision, and values	Develop, implement, evaluate, monitor, and regulate organizational strategies to address and fulfill the corporate mission
Workforce	Skilled, knowledgeable, and supportive leadership, safe work environment, the opportunity for growth, equal opportunity and development	Leaders ensure activities and processes are aligned with organizational mission and support staff employee's ability to perform job function
Partners	Work collaboratively to provide basic needs, training, and other services, provide financial support	Develop and maintain collaborative working relationships with partners and evaluate relationships impact on organizational mission
Community	Work collaboratively to identify and assist clients and potential clients, provide volunteer resources and financial support	Develop and maintain community relationships and evaluate opportunities for deeper community involvement

The key customers and stakeholders are outlined (refer to Table 3).

***Suppliers and partners.*** MMH organization leader works in creating positive results for the community depends on the coordinated efforts of multiple organizations. A collaborative and robust partnership is in place between several other nonprofits and service providers to help MMH organization's clients to obtain all-inclusive services.

Table 4

*Key Supplier and Partner Requirements*

Key suppliers/Partners	Key requirements	Alignment
Local, state, and human services agencies	Work collaboratively to address the needs of broken, and crisis-hit families, including issues of essential resources, homelessness, medical needs, abuse-related issue, employment, and legal needs	Develop services and offerings that are complementary and do not overlap Act as a referral agency
Grant organizations	Provide funding for training programs for self-efficacy, training for nurturing young children services, facility development, and provide other ancillary services	Use grant funding for specifically identified uses within the grant guidelines
Community	Provide funding for self-efficacy and parenting focused programs, service, facility development, and other services, and offer volunteer services	Use nonspecific funding to support services not outlined in grant funding, and provide a volunteer base
Crisis intervention service provider	Provide ancillary crisis intervention services to single mothers	Outsource services that are not directly aligned with the organizational mission and addressed through a partnership relationship
Audit firm	Provide independent audit and financial reporting services	Outsource required independent audit and financial reporting services
Information technology provider	Provide technology and data hosting service	Outsource professional information technology services

Leaders leverage partnerships with a variety of partners that share the ideals and mission defined through the work performed through the MMH nonprofit board of directors, executive director, and staff (refer to Table 4). There is a collaborative relationship with local nonprofit agencies and grant organizations that share the mission to address human services. MMH leaders primarily address communication between customers, stakeholders, and partners through telephone and e-mail communications, and

in-person meetings. The collaborative relationship between organizational leaders, stakeholders, and partners encourages mutual support and an innovative environment. MMH nonprofit and partners work with the organizations for the mutual benefit of the children and families it serves in the community to provide resources and basic needs.

### **Organizational Situation**

**Competitive environment.** Review of the organizational environment includes competitive position, competitive change, and comparative data information.

**Competitive position.** MMH nonprofit business leaders focus on assisting crisis-hit families and single mothers with young children, the competitors of MMH organization are typically other not for profit human service organizations compared for-profit business entity. Leaders of MMH nonprofit do compete for resources, such as funding, skilled employees, and volunteers. MMH organization is a long-standing nonprofit entity with established sources of funding, and its mission is supported by local, state, and federal agencies. MMH organization is a small charitable, smaller than many local, regional, and national level nonprofits. The leaders of the MMH organization are not competing directly with other nonprofits engaged in assisting the same clients.

Instead, they are used as partners to provide additional assistance.

Attaining and retaining funding streams is a constant effort and challenging task. Continued philanthropic support is critical depended on ensure donors are satisfied with how and where their resources are spent on the pursuit of the organizational mission and service goals. Sources of funding are highly sorted out and the competitive area within the nonprofit sector. Nonprofit corporate size, reputation, and mission are an essential

factor in establishing a funding stream. Leaders of MMH resource center built and sustain broad-based community support, government, and private relationships that place their mission at the forefront of donor and funding opportunities. Withal, help cultivate key champions both as leaders within the organization and as visible outside advocates. Challenges are mitigated in an increasingly saturated nonprofit community through collaboration. Nonprofit growth has focused on the formation of a cross-section collaborative model that points a diverse group of leaders toward a common goal.

Nonprofit organizational employees are typically drawn to employment because of the intense passion for corporate purpose and mission, personal beliefs, and values. However, challenges exist in retaining employees and reducing turnover due to the organizations an inability to meet salary expectations impact on employee longevity. Talented employees may seek benefits from employment with increased earning capacity or even professional growth opportunity. Consequently, client company leaders in providing a work environment of innovation, support, autonomy, opportunity, and personal growth to retain organization employees. If the employees are mainly motivated by economic benefits, leaders face challenges meeting such expectations.

***Competitiveness changes.*** The increased number of nonprofits entering the landscape is considered beneficial due to the greater provision of good and services by the charitable organizations, supplementing the efforts of the government. NPOs have a significant presence in every county and city in California. Based on the National Center for Charitable Statistics (2016), there are a total of 6,008 federally recognized tax-exempt organizations located in the county, where MMH organization is located. Out of the total

number of active nonprofit organizations located in the locality of MMH organization, 1,834 (48%) have more than \$50,000 in total revenue (National Center for Charitable Statistics, 2016). Nonprofits nationwide struggle to stretch dwindling resources, organizations in the local county face other compounding challenges including a vast geographic service area, a small foundation sector, and limited company capacity in addition to financial sustainability.

Changes in NPOs are vital due to the increase in competition for limited resources among them. Nonprofit competition and the challenge that NPOs face in balancing mission and resources due to the changes in formal grant funding have a considerable impact on the ability of the NPO leaders to continue to compete and deliver social value as per their mission. Unpredictability and inconsistency in funding effects and limits additional services that provide MMH company. Leaders of MMH have accepted the use of technology in assisting with organizational scaling to efficiently and effectively.

*Comparative data.* Leaders of MMH nonprofit use comparative data to determine the extent and level of the resources and services needed to complete their mission. Trending for funding and local employment rates are areas of research and analysis leaders use to evaluate the cost of services and types of services can be offered to clients. The executive director of MMH uses publicly available data to nonprofit analysis performance and trending to evaluate performance and develop future strategic plans. Specifically, valuable data regarding local displaced crisis-hit families and destitute single mothers with young children are essential for leaders of MMH to determine strategies and to prepare and deploy needed services. However, reliability and

consistency of the data obtained and used by the MMH nonprofit company leaders are challenging to gather cognitive analysis of peer performance and comparable competitive data.

**Strategic context.** There are five key strategic objectives or challenges MMH leaders are proactively addressing and four key strategic advantages (refer to Table 5).

Table 5

*Key Strategic Focus Areas, Challenges, and Advantages*

Strategic focus areas	Strategic challenges
Workforce	MMH nonprofit leaders are competing with other nonprofit leaders to obtain and build staff officers that are committed to the organizational mission and has the ability to adapt to a changing work environment
Funding	Competition for funding is a continuing focus as other nonprofit organization leaders are seeking to increase funding and sources through grants, and from corporate and individual donors
Organizational structure/Culture	MMH corporate leaders are working to gain the trust and support of employees as they develop a culture of autonomy, empowerment, and innovation to meet company objectives and achieve mission alignment
Expand alliances	Leaders continue the expansion of the institutional, community, and private alliances and collaboration to address future funding needs, build awareness, and develop a deeper volunteer staff in an environment that is competing for the same resources
Technology	Understanding that the cost of technology systems can be prohibitive and distracting to implement, MMH leaders are working to systematically improve processes through the leverage of new technology that adds process efficiencies and eases staff pressure
Commitment to Mission	All levels of the staff have a deep commitment to the mission and perform duties with the ultimate mission of assisting single mothers with young children as purpose.
Social responsibility	MMH organization has a positive reputation within the community and with other stakeholders, which allows for an in-depth internal and external connection to the mission as well as trustworthiness
Innovation	Leaders of MMH organization are forward-thinking innovators who are proactively searching for better ways to perform functions, serve clients, and meet stakeholder needs
Strong leadership	MMH nonprofit leaders have the skills, experience, and proven ability to make tough decisions that align and champion the organizational mission

**Performance improvement system.** MMH corporate leaders understand the importance of enhancing technology to improve efficacy and effectiveness enable

developing as a lean nonprofit. Automation withal eases the complexity of workload to staff, provide clients crucial information, and increase reporting and tracking capabilities. Current databased driven client relationship, and donor management systems can be improved to cost-effective software as a service (SaaS), enabling greater scalability. Such measures reduced the physical files and created more detailed information to assist specific clients effectively. More in-depth data and analytics enable to make communities accountable for the endeavor, recreating the value exchange between both parties in a business transaction to remain focused on its gross efficacy. Performance data obtain on MMH organization's clients allows leaders to evaluate the positive impact to clients participating in the programs.

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

#### **Leadership**

**Senior leadership.** A review of how senior leaders lead the organization includes information regarding setting vision and values, ethical and legal behaviors, engaging the workforce and key customers, environment for success, and focus on action.

**Setting vision and values.** MMH organization leaders align mission, vision, and value to the strategy. Executive director and the staff looked at additional methods to bring in additional revenue to enable growth while maintaining the organizational mission. Nonprofit leaders encourage the workforce in a supportive and open communication environment that adheres organizational ideals results that guided collaboration, motivated to work with passion and faith. The evaluation activity of the organizational strategy and sustainability instilled trust for the leadership from staff and

realizes the impact of the service provided to the community. Administrative decisions within the MMH organization reflects the mission, vision, and value and drive the purpose forward. Charity goals are to establish effective internal leadership and to identify and encourage external champions in the form of business, political media, and other community leadership. Leaders advocates to build and sustain broad-based community support and cultivate key champions with the organization. The practice of mission, vision, and values consistently by the executives of MMH bureau leaders set the example their staff and community. Managers of the nonprofit of MMH are conscious of the two fundamental elements of sustainability, which are vision and the orientation of result produced by the strategies. The purpose of the organizational leaders underlines the accomplishment of the wellbeing of children and families and the community. Forbye, the mindful efforts of the leaders are not to erode the trust among, partner, stakeholders, or the community.

The executive officer interacts with the community members frequently to gain support for the organizational strategy by brainstorming for new ideas as well as volunteerism, donations, advocacy, and other forms of involvement. The interaction with the community and stakeholders by MMH bureau leadership instills confidence and trust in the leaders and the process. The mission, vision, and values are at the forefront of communication strategies within the MMH Organization to achieve these goals. Annual reports, newsletters, funding request documents, social media, website, and written communications contain verbiage regarding the progress and impact on the community as well as mission, vision, and values. Leaders recognize that community needs to be served

by visible champions for the organization, such as the board of directors, churches, public, and other nonprofit community partners, volunteers, donors, and local business leaders. Managers believe that support from the member of the community and beneficiaries as well as the users of the programs and services offered by the organization is essential for long-term results.

**Legal and ethical behavior.** Good governance practiced as a nonprofit with regulatory compliance. Any unethical practice not tolerated, and the organization is a faith-based resources center to help disrupted families in the community. All staff is expected to follow the guidelines laid out by the leaders, and the executive director is developing the employee handbook and consistently practice legally and ethically. For effectiveness leadership, set expectations is a critical factor. MMH organizations leaders discuss, manage expectations, and clearly define opportunities for improvement with the stakeholders. The work environment within the MMH organization is cordial and collaborative. Leaders practice ethically by highlighting the purpose and the faith associated with the deeds of the organizations as well as avoid retribution. Maintaining the passion for the mission of the charity through honest communication with staff and the community helps sustainability and encourage cultural trust. Leaders of the charity MMH demonstrate integrity and ethics consistently to maintain engagement with staff, key customers, and the community. MMH organizational leaders anticipate making structural and cultural changes.

***Engaging the workforce and key customers.*** Leaders that implement impromptu strategies that deviate typical cause of business can negatively affect office staff and

clients. Executive director anticipates making structural and more open cultural changes to suit the changing community during the next two years, which communicated as a new direction as the open culture of the organization staff is encouraged to contribute ideas that could provide improvements as well as voice concerns. Leaders of the nonprofit MMH is focused on the creating more impact with transparency and increasing trust, that would provide a clear message to the stakeholders the reasons behind changes to the achieve more meaning to the mission, vision, and values. Effective communication provides stakeholders clear information and causes and circumvents misunderstanding. The dissemination of vital organizational decisions is carried out by MMH leaders done by using various tools such as in-person interactions, telephony, e-mail, social media, newsletters, and web presences. Forbye, internal communication through on-site in-person and teleconference meetings. Management decisions cascade down the organization through organization structure and staff level liaisons. Clients communicated via in-personal meetings, telephone, and e-mail. The communication with other stakeholders such as government regulatory agencies and donors communicates via in-person, e-mail, telephone, or letter. Staff, clients, and stakeholders have access to the organizational website and social media pages. Clients and potential clients are typically in a family crisis, requiring basic needs, necessitating nurturing parenting education programs, self-esteem and self-efficacy courses, client transportation assistance, mentoring, community resource, and life-skills. Through the case management programs, MMH staff inform the client services available to them. Executive director actively encourages staff to achieve organizational and individual goals and objectives. Through

consistent dialog and meeting regularly with subordinates' leaders discuss job performance and another relevant topic to the leader and staff. Also, the organization conducts an annual staff trip to improve cooperation amount staff as well as cohesiveness with the leadership. Staff is financially rewarded as well as recognized for their contribution and for good performance to encourage personal development. Leaders of the organization MMH acknowledges and encourages that staff motivations are primarily due to faith and compassion for their service rendered to helpless mothers with young children. Board of directors supports the executive director by regularly meeting with the management and office staff discuss operational issues, challenges and help implement strategies as well as gain insight into staff perspective. Also, leaders of MMH is keen to enhance and formalize the reward and recognition programs.

*Environment for success.* MMH organization leaders created an environment of faith and a sense of purpose with trust through transparency, cultivating honest and clear expectations. The executive director is involved in operational activities to inspire staff to help create an affinity to the workplace as well as to achieve organizational goals. MMH bureau chief seeks to establish autonomous decision-making environment and increase self-reliance within the organization as a longer-term strategy to increase efficacy and creating a focused client environment within the organization. Focus on hiring skilled management and staff is an essential component of the executive director's vision for MMH organization. To driver the organization to the future and support the strategic direction, leaders of the nonprofit MMH is looking forward to hiring essential staff members, including a program director. Policymaking leaders expect the staff the

challenge the status quo in the areas of accountability and responsibility. The scope and depth of an individual staff officer's duty, responsibility, and decision-making ability need to be clearly defined. Management decisions should align with the organizational mission and create value for the organization as well as to the client. At present, there is no formal succession plan within the MMH bureau, but the current board is seeking to develop.

*Focus on action.* The leaders of MMH believe in the vision of the organization and consistently work with community articulating in identify how a collaborative approach would enhance awareness. Performance and activity metrics are monitored and assessed during monthly board meetings; leaders provide updates on accomplishments and improvements needed. The leaders use metrics to determine resource allotment, needed funding, staffing, and client service needs as well as review profit and loss financial report monthly to determine financial stability and availability of funds for various programs. MMH organization leaders use a sustainability report outlining timeframes for the achievement of overall long-term organizational goals., however, there is no evidence of initiating a formal strategic plan. The absence of formal strategic planning may limit the ability to implement strategic decisions as well as programs to promote growth within communities, and education to foster self-reliance. The sustainability report MMH chief created does outline key tasks that focus on understanding what motivates staff to increase engagement, building relationships, enhancing organizational professionalism, developing new programs, and cultivating revenue enhancement. To enable such essential tasks, the board members of the MMH

organization recognized the need to enhance the current technology systems with the organization to optimize data collection, data analysis, and improving the efficacy of the operational tasks. Consequently, increase staff, client, stakeholder experience, and help meet the organizational strategy and mission. The current system was developed by the executive director and can be scaled up with upgrades and enhancements by using volunteer or donor assistance. Custom made technology systems is an essential part of the organization and could be an asset to the organization and may become a revenue-generating source. Senior leaders of MMH has identified the components of enhancement needed are in finance, human resources, and client services, the donor management system is the third party. New performance metrics would need to be developed with newly obtained data points to drive future strategies. Over and above that, an essential component of critical tasks is the development of workforce capability to enhance meeting client service demands. MMH senior staff develop capabilities and assessed through formalized annual performance evaluations, employee metrics, and enhancement of job descriptions. Senior managers to distinguish that needed changes would take place over time-based on time constraints without undue burden on staff and disrupting client services. The BOD sets the milestones for working through the completion of the enhancement strategies over the next two years. For the leaders and the staff, the key strategies are critical components that include cultivating additional funding and revenue opportunities along with deeper external coalitions and collaboration with existing and additional partners.

**Governance and societal responsibilities.** Review of leadership governance and fulfills societal responsibilities include organizational governance, performance evaluation, legal and ethical behaviors, and societal responsibilities.

**Organizational governance.** Organizations leadership need to ensure responsible governance. The board of directors the NPO typically provides the governance oversight for the leadership's actions. MMH board consist of three members with the executive director participates on the board meeting with no voting rights. Chairman of the board and other directors get elected and ratified annually for extension of service with terms expiration at the end of the fiscal year. For the election of new members to the board requires a quorum of board members. Board primarily ensures performance in relation to the mission, strategic objective, financials, community, and other stakeholders. The chairman and the board of directors exert control over the management of the organization with bylaws adopted through due process. The roles of the board of directors' guidelines include the accountability of the board members. During the recent past five years, MMH stakeholders have come across any removal of directors due to reasonable cause or failed to act in the best interest of MMH. However, if the removal process is needed to be affected during a yearly fiscal period majority vote could be acted. Board members are elected based on their skills at an annual general meeting begin serving the beginning of a new year. For effectiveness, the chairman, executive director, secretary, and treasurer serves as the nominating committee. Any member of the board can nominate a board member to fill a vacancy and ratified by the nomination committee. Currently, founders

of the nonprofit seldom participate in any role of the organization due to their advancing age. However, on rare occasions may; participate in fundraising activities.

The executive director reports quarterly to the board of directors on the strategy and discusses any recommendations for change of direction or any new additions with the board of directors before implementation. Directors of MMH provide annual audited financial statements prepared by a certified public accounting firm to numerous entities including partners, philanthropic institutions, corporate entities, donors, governmental funders, donors, but unavailable on the organizational website for public inspection. The executive director is directly involved with the development of strategy and budgeting along with the assistance from the BOD. MMH senior leader provides performance, program activity, and financial data information every quarter to the board of directors.

Transparency is a crucial aspect of organizational governance that senior leaders actively address in MMH nonprofit. MMH board directors required reporting data for management information includes operative data such as clients served, services used by the clients, the extent of the services provided. Organizational data including financial reports, organizational charts, strategic plans, assets and liabilities, macro-level funding sources, net gain and losses, liquidity ratio, months of wherewithal available, operating margin, program service expense ratio, operating reliance, administrative expense ratio, revenue and expenses, program service revenue, fundraising efficiency ratio, and 990 filing information is provided to stakeholders on a regular basis. Donors and grantors are provided operational data, financial data, resource availability, and strategic plans as part of on-going monitoring processes or as an when requested. SPO leaders closely monitor

internal controls by tracking all funds disbursements. The internal control process requires regularly reviewed, board sanctioned fund disbursements, cross-checking of data, and duties are divided. Senior leaders continually review and adjust control processes, as needed.

**Performance evaluations.** The board of directors of SPO monitors the performance evaluations periodically and annually as well as staff-level evaluations. Executive director's performance is evaluated by the chairman and board annually; the executive director of the organization evaluates all other staff positions. Salary, bonus, and yearly increases determined for all staff positions after performance evaluations. The bonus and yearly' increases are not tightly tied to specific performance metrics. In the next year, the board and executive director's performance metrics are tied to the strategic plan, adding transparency and clarity to the evaluation process, and the salary, bonus, and annual increase decisions. Human resources performance system is envisioned to be implemented to help align employee performance with the organization.

**Legal and ethical behavior.** The programs and services provided through MMH nonprofit are ethical and have a positive societal impact. Assisting crisis-hit families and women with young children in obtaining essential items, needed resources, and training achieve self-sufficient does benefit to the individual and society. Leaders of SPO use resources wisely and are conscious of protecting the environment and organizational reputation within the community. The staff of the MMH organization performs analysis to determine the best use of the donated resource. Administrative overhead is kept to a minimum and the priority of effective use of every donated, or grant dollar is present in

the decision-making process. The grant process, is a crucial component of funding for leaders of MMH, requires adherence to various regulations, applicable laws and regulations, and standards including administration rules in the resource center, published nonprofit standards, state nonprofit regulations, and grant requirements. If regulatory and compliance requirements are not met, grant funding is at risk. Board of Directors and the executive director mitigates the risks of noncompliance with regulatory requirements by focusing on compliance and continuous staff discussions and review. Certain risks, such as general liability mitigated through insurance coverage. The executive director is committed to developing comprehensive and formalized measurements to address risk tolerance and risk mitigation strategies. The organization currently lacks a formal risk policy or risk process.

The nonprofit sector faces several ethical issues, such as in areas such as compensation, conflicts of interest, financial integrity, publications and solicitation, investment policies, and accountability and strategic management. To build trustworthiness and trust as well as to encourage accountability and transparency in conduct, it is essential for nonprofit organizations to adopt social impact reporting — staff of MMH organization passionate on the treatment of clients and ethical practices as a core value.

A statement of ethics is planned to present within the employee handbook, which is currently under development. Staff are held accountable to the standards outlined in the employment agreements and envisaged within the handbook. Employees are provided ethics training and best practices of client confidently. The area of practicing ethics is

identified by the senior leaders that need continued development as a review process done manually. In the wish list of the management hopes to have upgraded to the operational software system to automate to aid in the development and review ethics standards and activities. Staffs are accountable for the professional and ethical manner when conducting themselves representing the organization. Management also tolerates staff mistake and provide guidance. However, there is zero tolerance for illegal or unethical behavior by the management of the nonprofit. Breach of confidentiality related to clients' information would most likely result in termination of employment. Client, donor, grantor, and other stakeholder confidence and trust in the practices of employees is required for sustainability. Transparency in social impact reporting, ethics, governance, and communication are key to making nonprofit organizations successful.

**Societal responsibilities.** Nonprofits offer meaningful and rewarding work and culture that embraces the community as its inherent objective. By principal and design, nonprofits are dedicated to the common good, measuring success according to the quality of life. Social services offered direct or indirect to the clients to provide well-being and benefit to society. Most grants address societal issues and environmental issues, both meet within a grant policy. Services branch through to a socioeconomic, racial, or gender lens or include focus grouping. In doing so, the programs generate both environmental and societal returns. Such actions enhance transparency and partnerships as grantors oblige to understand the whole context of the grantees' operations more deeply. Funding received from donors and grantors to the nonprofit reinvests into their organization and mission, strategy, and daily actions of staff support and benefits societal well-being.

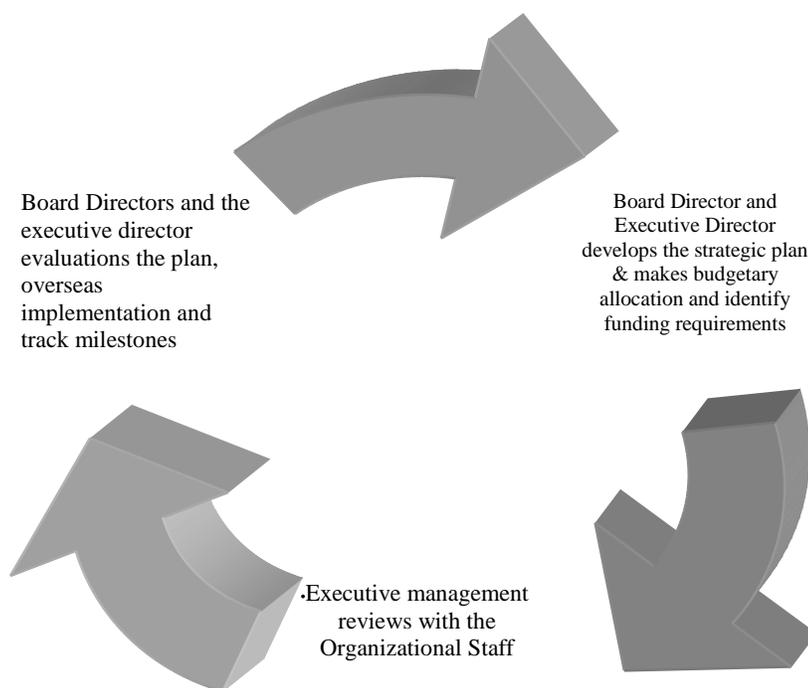
Assisting single mothers with young children or those families experiencing imminent crisis directly and positively impacts society and the economic conditions of the communities supported through the services and resources provided daily. By working collaboratively with partners and stakeholders, key communities are supported and strengthened through additional resources, services, or education programs. The principal communities directly served through MMH organization services and programs are nurturing parenting education, case management, self-esteem and self-efficacy courses, client transportation assistance, mentoring, community resource and life-skills classes and an incentive program that assists families with their basic needs while training participants on budgeting, leading to greater self-sufficiency. Core competencies of MMH nonprofit are leveraged through the development of societal partnerships, meeting with influential individuals, networking, and the proactively developing of trusted relationships.

### **Strategy**

**Strategy development.** Review of strategic organizational development includes information regarding the strategic planning process, innovation, strategy considerations, workforce systems, and core competencies, key strategic objectives, and considerations.

**Strategic planning process.** MMH organizational leaders begin strategic planning with the BOD for sustainability. A SWOT analysis performed for self-sufficiency. The executive director works with the key staff to review and institutionalize the strategies. To develop the plan, MMH requested the participation of peer leader(s) as a member of the community. Nonprofits located county assisted with the development of the capacity building academy and through funding and extensive staff support. The

organization also partners with the consulting team named social entrepreneurs — the strategic and sustainability process flow within the organizations. The process is iterative with recommendations from staff and the support teams during brainstorming and focuses group meetings. Working groups pass the ideas and strategies across the groups for additional clarification and process planning. The board of directors approves the final strategic and sustainability plan.



*Figure 5.* Strategic planning process.

Time-bound organizational objectives scrutinized and prioritized by the strategic planning process. The current plan includes four primary desires results, ten current strategies, and for plans (see Table 6). The board approved current strategies with the implementation plan. The strategic planning process is fluid and adjustments adopted due

to changing internal or external environments or influences. The achievement of the short-term goals requires additional financial and financial resources, thus requiring the management to be flexible and consider various changes to the operational environment.

Table 6

*Strategic Plan Initiatives and Objectives*

Strategic initiatives	Objectives – 2-year completion
Performance measurement processes	Clearly defines and implements transparent written goals and roles with the specifically related review process. Clearly define and implement regional autonomy, including roles, decisions, budgets, and staff development.
Improve data collection and reporting	Fully functioning and synchronized technology platforms capturing the majority of interactions from clients, volunteers, donors, and partners. Fully developed organizational plan to utilize data to inform strategies, fundraising, and partnerships.
Diversify funding sources	Philanthropic non-government contributions match government funding to enable MMH Organization to meet unmet needs.
Understand and expanding housing options	Have an immediate housing pathway available for a rapid and sustainable solution for any veteran that contacts the MMH Organization.
Expand and improve alliances	Incorporate alliance building best practices into functional duties. Adapt to feedback from partners and team.
Be an employer of choice by providing the team with tools and resources to succeed with their clients and their personal goals	Be recognized as an employer of choice internally and externally. Build sufficient workforce capacity and capability to meet workload expectations and veteran's needs.
Consistent best practices implementation of client services throughout the state	Client assistance determination is based on the same criteria regardless of whom they speak. Full implementation of housing first best practices. Formalized denial and approval process and grievance process for clients. Synchronize housing program practices with accepted housing type best practices. Ensure compliance with grant requirements and law. Be a referral of choice for potential participants and partners. Online referral process fully developed. Consistent integration with coordinated entry systems and veteran registry. Maintain case manager flexibility and creativity.

***Innovation.*** Innovation is an essential component for nonprofit organizations' survival. Senior leaders of the MMH organization use an innovative strategic planning process due to the collaborative nature and the inclusive structure of the process. Especially seeking assistance from the members of the community such as peer leader(s) and consultant team from the entrepreneur group. Management and key staff members

are invited into the strategic planning process through focus group and brainstorming meetings by the creation of an environment that is open and encourages employee feedback. During the focus and brainstorming sessions, staff members are encouraged to provide their perspective and be part of the strategic planning process. The input from all staff offers greater potential and insight for success through a heavily vetted strategic plan. Sustainability and strategic opportunities are developed by proactively seeking advice from various experienced partners, including other entities involved in addressing crisis families, young children from broken families, homelessness, and through the local service organization community. Strategic opportunities are vetted on an annual basis by the board of directors.

Expenditure and budget management tied to the strategic and sustainability planning process. In order to achieve desired results from the strategic plan, MMH management carefully planned the budgeting process; funds allocated to specific strategic objectives. Key strategic opportunities identified for future implementation by the board of directors and executive director are the relocation of existing Thrift Store, develop transitional housing program, redevelop mentorship program, and redevelop mentorship program.

**Strategy considerations.** MMH management depends on ad hoc sources for collection and analysis of essential data for the strategic planning process, which is currently evolving process. Data collected manually input to the custom software systems. Upgrading of the software system to capture more data from other sources would significantly improve the process through more precise data from a single

integrated source. Collected data delineate the status and progress of the initiatives within the strategic plan as well as measurements for performance measures addressing effectiveness. The executive director is accountable for performance measures and appropriately mitigate risks. Significant risks are discussed collectively with the board of directors to identify solutions quickly. Challenges to the completion of the strategic plan persist primarily due to the potential for reduction in grants, federal or state government funding, failure to retain donors, or donor fatigue with charitable causes. Additional challenges due to rapid changes in the regulatory and business environment could lead to higher employee attrition and difficulty in obtaining new staff for the leader of MMH. The strategic advantages recognized by MMH executive director include a robust philanthropic focus and commitment within the communities served.

***Work systems and core competencies.*** Fulfilling the mission is performed internally by MMH organization. Partner organizations referred with specific expertise to utilized when appropriate, such as for medical care, homeless shelter outreach, family assistance programs-domestic violence, collaboration on fund drawdowns, and critical services to men in our communities. MMH stewards maintain regular contact with all the near agencies by open-line communication and participating in monthly networking meetings to strengthen our relationships.

The objective is to increase the qualitative of service currently Evaluations and subsequent changes in practices would continue a 6-month timeframe. Historical data is used to analyze the core competencies and effectiveness of suppliers, partners, and stakeholders. Executive leaders have extensive experience in human services,

homelessness issues, and in leading and running nonprofit organizations, which provides a foundation of knowledge, understanding, skill, and capability. MMH executive director is currently working on developing a personal approach to recognizing its donor base in the hopes of nurturing and cultivating the development of additional key champions. The board of directors and executive director identified core competencies that aligned with the organizational mission, vision, and value. Services outside the core competencies fulfilled through government and referrals to community partnerships.

MMH uses proprietary donors and funding efforts management application system for collaboration with private and government agencies and custom developed operational software system, case management, internal processes, and procedures. Regular review and monitoring done by the executive director for employee and partner entities through surveyed data and analyzed to determine points of friction, missed opportunities or needs, and for inefficiencies in process or delivery. The future organizational core competencies are determined and evaluated based on the performance in meeting the ultimate goals of ending crisis-hit single mother with young children. Accurately, the strength of core competencies and work process determined by the alignment and the reduction of backlogged cases with the current demand.

***Key strategic objectives and considerations.*** Main strategic objectives are the aims or responses that an organization's leaders articulate to a significant change or improvement, or social issues, competitiveness, and business advantages (Baldrige Performance Excellence Framework, 2017). From the inspection of the resources center, the cofounders and leaders throughout the years focused on providing single mothers

with young children, the assistance and basic needs to developing self-sufficiency. Before the strategic and sustainability plan, MMH organizational leaders developed the plans to cover for two years and focused goals and purposes. With each objective, leadership underscored a completion date. The key strategic objectives for the next couple of years identified by MMH nonprofit executive leader are; to obtain diversity in funding sources, relocate the thrift shop to increase visibility, improve data collection and reporting processes, obtain a clearer understanding of service options, expand nurturing and case management programs, develop additional and deeper partnerships, be an employer of choice, and consistently demonstrating best practices. The most crucial goals associated completing the objectives within the sustainability plan are the competing implementation of the relocation of the thrift shop to a location with more visibility and foot traffic to generate more revenue. Capital planning to financially support the project of relocation of thrift shop the leaders of MMH are considering several options, including the use of the organization's land parcel. Among other goals are to increase in donor retention, address staff attrition, and to ensure consistency in service delivery. Diversity in funding sources stabilizes and provide additional flexibility for leaders of the nonprofit to implement a strategy to achieve desired results. Clients with complex or unique circumstance are often not eligible for services provided through grant funding. Developing additional private, unrestricted funding would allow more of these clients to receive services.

Nonprofit business leaders are balancing and prioritizing organizational objectives accomplished through the single focus of service to crisis-hit single women with young

children. Decisions assessed by evaluation of the direct contribution the action servicing crisis-hit single women with young children. Resource analysis and allocation and reprioritization occur every quarter after board directors' approval. Currently, the data inadequate to determine the alignment between strategic objectives, challenges, core competencies, strategic advantage, and strategic opportunities. MMH leaders determine that they need adequate time to determine effectiveness and alignment. MMH leaders incorporate feedback from stakeholders and partners that incorporate into subsequent strategic plans based on the relevancy to the organizational mission.

***Strategy implementation.*** Review of strategic implementation includes information regarding action plans and implementation, resource allocation and workforce plans, and performance measures.

***Action plans and implementation.*** The success of the strategic plan is incumbent upon the board directors and employees in executing each objective tactically. Once the board of directors approves the strategic plan, execution processes are developed directly from strategic objectives. Strategic initiatives categorized to annual milestones based on each objective. Leaders of the MMH has not developed key performance indicators (KPIs) to measure the impact of each action item and the desired results. Each task dependencies prioritized. To efficiently deploy the strategic action plans, staff support, and involvement is critical. To ensure desired outcomes of action plans, leaders used transformative change methods to develop and deploy the action plans, increased measurements, and metrics using best practices.

***Resource allocation and workforce plans.*** Adequate resources are essential for project funding and growth for an organization. Senior leaders of MMH organization evaluate anticipated funding and internal cash flow needs to complete set strategic objectives and to continuing general operations. Regulators and donors often evaluate the management of charitable organizations based on various efficiency ratios, including the program ratio. Leaders of charities conform to donor pressure to maintain or improve program ratios when allocating resources. The executive director and the bookkeeper allocate funding to prioritized objectives. Leaders identified time resources as a higher risk to action plan completion than financial risk because action items require additional capital, staff commitment, and time. By increasing diversity in income sources, staff capability and engagement, improving organizational effectiveness and fundraising efforts, addressing staff retention, and deepening partnership alliances management reduced the financial and time risks associated with the implementation of the strategic action plan. MMH charity leaders determined that the strategic objectives are to increase diversity in income sources, improve current programs, and introduce future programs.

***Performance measures.*** MMH charity leaders use different conventional measures to track the performance and effectiveness of strategies and actions plans. The executive director is aware that the development of standard operating procedures and organizational policies assists the organizational leaders to track and measure progress. Steady and adequate funding is crucial to ensure there is enough money to support ongoing operations, strategic objectives, and the ultimate organizational mission. The diversification of revenue sources such as government, philanthropic funding, and sales

sources over five years would allow leaders to deploy strategic objectives and action plans effectively. MMH senior leaders need to develop appropriate KPIs and track performance measurements that provide crucial data that could influence future strategic performance objectives. Benchmarked data are tested and measured to identify gaps and new innovative solutions used to modify strategies and actions plans to be improved to achieve desired results. Charities and nonprofit organizations can benefit from increased cost savings because of reporting metrics from social impact and sustainability efforts. Nonprofit organizations can attract more prestigious donors and talent to their organization and allow investors to see them as reputable, trustworthy, and credible.

**Customers.** Review of the voice of the customer includes information regarding current customers and potential customers, determination of customer satisfaction and engagement.

***Voice of the customer.*** The key customers at MMH include crises hit single mothers with young children with limited access to basic resources. Organizational leaders can create customer trust, confidence, and enhance service offering based on their feedback from customers.

***Current customers and potential customers.*** MMH organizational leaders create customer trust and confidence by improving communication with current and potential customers through various channels. As stated in their mission, the staff members of the charity provide help and hope to crisis-hit families with young children. The MMH charity staff provides help through several self-sufficiency programs through case management as well as nurturing programs for young children and assist in basic needs.

Primary customers of MMH are crisis-hit families with young children that need basic needs and single mothers that require self-sufficiency. MMH leaders and staff value data gathered through customer feedback and use several means to receive feedback, including one on one meetings, use of comment sheets, Facebook comments; website contacts using telephonic or e-mail means; and emergency hotline. MMH management uses additional feedback to conduct analytics for staff performance reviews. Such as several cases managed and assisted, and training courses conducted monthly. Leaders are expected to take progressive action to improve the data and information they receive by evaluating the survey process and questions, enhancing technology options for feedback, and considering how to gain information from potential clients.

*Determination of customer satisfaction and engagement.* MMH organizational leaders capture current and relevant data through the accomplishment of strategic objectives, from ad hoc data through various feedback channels, and from the client's commitment to complete programs to emerge self-sufficient. Executive director with the help of senior staff has developed feedback surveys that specifically address customer satisfaction and engagement by capturing information from differing client segments including those needing direct financial assistance, employment assistance, housing placement, basic needs assistance, nurturing programs for young children, and legal aid. Survey data would assist leaders of the nonprofit in maturing measurements and metrics that would improve and guide decisions in relations to customer satisfaction with the services provided. Organizational leaders can also use historical data, public data from

similar nonprofits, and information shared by partner agencies to analyze client satisfaction and engagement.

***Customer engagement.*** Review of customer engagement includes information regarding product offerings and customer support, customer segmentation, relationship management, and complaint management.

MMH organizational managers and staff engage customers to serve their needs and building relationships. Organizational leaders and staff, among other methods, use a variety of data, including survey data, social media, and complaint data to answer potential service questions (Baldrige Performance Excellence Framework, 2017).

***Product offerings and customer support.*** MMH nonprofit leaders determine the relevancy of products and services offered by working with staff members according to the needs of the community. The leaders and staff have numerous opportunities to engage their customers to gauge various products or services while executing the organization's mission. The primary services offered are nurturing parenting education for families with children under age six, case management, self-esteem and self-efficacy courses, client transportation assistance, mentoring, community resource and life-skills classes and an incentive program that assists families with their basic needs while training participants on budgeting, leading to greater self-sufficiency. Through the website, clients, potential clients, and various stakeholders can gain insight into the services provided by MMH resources center, as well as, obtain general information and data. More informative website portal may increase impact and value; however, the organization needs to channel finance to increase service impact along with a focus on the diversity of the

income sources. Information and assistance requests are largely handled through phone call and e-mail communications. Key community partners act as liaisons by completing intake forms and forwarding client referrals to staff officers within the MMH Organization. Also, MMH staff assist clients through regular follow-up meetings personally, by phone, e-mail, and text.

***Customer segmentation.*** Services provided through MMH nonprofit is to a specific defined customer and market segments. Crisis-hit single mothers with young children are the primary customer segments. A secondary customer segment includes the crisis families in the community. There are no plans to expand the customer segment beyond those identified within the organizational mission statement. Through key community partners and organized partnership services are extended by referral to the other organizations.

***Relationship management and complaint management.*** Customer relationships are built through personal connections, typically through case managers. Case managers track conversations and communications using client records using general software tools. The relationship is built with clients through the development of trusted relationships by staff officers. Trust and credibility in the services provided through the MMH resources center is enhanced by educating individuals and the community on single parenting and self-sufficiency. Social media is extensively used as a branding tool and to build external partnerships. Social media provide information regarding services provided and benefits provided to MMH clients as well as a tool to drive potential donors

to the organization. Social media assist in formal enhanced complaint management, grievance, and denial of service process information tool.

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

#### **Workforce**

**Workforce environment.** Review of the workforce environment includes information regarding workforce capability, capacity, and workforce health.

The organizational workforce includes individuals, whether employed as permanent, temporary, contract individuals and part-time employees and volunteers that are involved in accomplishing the nonprofit business's goals and tasks (Baldrige Performance Excellence Framework, 2017).

MMH resource center is a small organization with only 15 personnel to perform the organization's mission. As such, chairman and board directors empower executive director and senior staff to develop action plans to execute tasks contained within the strategic and sustainability plan. Leadership conducts periodic status checks of the progress of task completion, conducted face-to-face — a vital status checks during the monthly staff meeting, which includes every member of the workforce. Leadership also encourages employees at all levels to take initiatives to promote and help nurture innovative ideas.

**Workforce capability and capacity.** Envisaging to increase capability and capacity MMH organizational leaders are developing standards, processes, measurements, and metrics to assist in assessing staff capabilities and capacity. Leaders identified the need for workforce capability and capacity during the sustainability report.

It was identified that the executive director is burdened with operational work and by filling a new programs director role would help free up more time for the executive director to implement more objectives highlight in the strategic report. The advancement of performance expectations is essential to measure and addressing staff capability capabilities and capacity. The analysis of capability is measured in the context of how well employees are prepared to perform their duties, skill set alignment with their work, and what skills development training are needed to support staff for optimal performance. MMH is currently working with minimal staff resources. Therefore, capacity data are used to determine caseload for staff without experiencing burnout, which could lead to staff decrease in satisfaction. Leaders actively asses employee skills, competencies, and staffing after the initial assessment during the onboarding process. The recruitment process requires staff is hired for a specific set of skills, work experience, and professional knowledge. During the recruitment, process leaders identify potential employees and their skill development opportunities before the onboarding. Staff competencies for some organizational roles, such as client case managers, are measured through data and metrics, such as client survey feedback results. Most other organizational roles' capability metrics are vague and subject to management judgment. Leaders of MMH provide the staff with opportunities to attain additional skills and knowledge through course provide and certification programs.

New staff offers are recruited through various methods, including state-specific nonprofit job boards, network referrals, and local newspaper advertisement, which are considered adequate recruiting techniques. For most positions within the MMH

organization, the recruitment process includes a hiring interview with the executive director, and one or two senior staff allow for differing perspectives. Prospective staffs are vetted, interviewed, and placed in accordance with their skill set.

Staff retention is a continuous focus for MMH organizational leaders. Staff is driven through their faith and passion for making a difference in the community. Therefore, the staff is mostly self-motivated. However, the objective is to obtain and retain qualified quality employees. Leaders deploy retention strategies that increase staff happiness and satisfaction by include employee benefits, increasing technology, training and capacity building opportunities, coaching and development opportunities, employee focused human resource policies, representing employee feedback, and involving employees in the strategy development and organizational process. Leaders continue to enhance staff recognition and the contribution due to staff officers' efforts that contribute toward the organizational mission.

MMH board of members are purposeful in careful recruitment of staff members with diverse backgrounds, experiences, skills, education, and perspectives. Potential recruits are oriented to ensuring the mission goals of the organization. Staff members who are direct client facing responsibilities require specific skills trading addressing the job requirements to meet client needs. All recruitments are driven by the according to the organizational alignment with job description and role, which helps the leaders to hire a diverse workforce with innate skillsets to perform functions. Most recruits are hired through traditional methods such as postings, employee referrals, and interactions with partners and stakeholders. Senior leaders encourage creativity, innovative ideas among

staff members along with a safe, diverse, open culture that cultivates a caring environment, and challenges the status quo.

MMH nonprofit leaders are proactively seeking to address changing staff capabilities and capacity needs by enhancing training opportunities and communication methods to increase workforce capabilities to meet demand and expectations of clients. Especially in human services section communication is a key factor for effective client management and aiding swiftly. Effective communication also helps in change management and for gaining employee support and trust. Staff members are expected to weigh in and contribute to the strategic and sustainability plan objectives and timelines. The executive director, during in-person meetings and socialized through the organization, communicate to the staff the advantages and benefits of implementing the strategic objective of the organization. Organizational leaders must focus on the task of balancing the growth of sustainability and as well as staff well-being. Organizations are understaffed, or staff experience shortages due to funding difficulties. The loss of grant dollars impacts the number and the quality of staff roles the nonprofit is capable of filling and retaining. Primarily grant dollars of nonprofit are typically used for specific activities or for support services needed to perform specific activities. Often senior leaders of charities are cognitive of managing grant funds and maintaining alternative funding sources that are not tied to specific activities and services to address workforce staff consistency. Prior to grant request, leaders need to specify the utilization of funds in alignment with the organizational mission to get approved for grant funds. Most leaders

find it challenging to manage organizational growth due to lack of consistent revenue sourcing.

The services of MMH organization leaders are to its community locality. Core competencies of the nonprofit are derived from and address the core of the organizational mission to assistance to assist crisis-hit families, specifically single mothers with young children under the age of six years. During the board meeting, directors undertake to provide adjustments to the strategies and processes to ensure alignment with the organizational mission and support of core competencies. When appropriate, outsourced partnerships are used to fulfill activities and functions that are not MMH nonprofits core competencies.

The organizational leader's decisions based on the mission, vision, and values. The focus on the MVV is reinforced through repeated communication, eliminating confusion and ambiguity among all stakeholders, provides guidance on client interaction, and helps staff to make decisions based on fulfilling the organizational mission. Humans service organizational leaders have unique perspectives and experiences that are all required to identify performance expectations effectively.

***Workforce Health.*** Nonprofit leaders actively seek to improve physical and workplace well-being and safety. MMH senior leaders believe in a healthy workforce. Staff physical security and safety is protected while helping distressed clients. Safety, security, and accessibility practiced within the nonprofit. The board directors have established policies for a drug-free, alcohol-free, and nonsmoking workplace. Although nonprofit MMH's leaders have not explicitly identified performance metrics and goals of

improvement for the workplace environment, this is an area executive director has year mark to focus in the near future. Individual autonomy enforces through appropriate communication practices, which the leaders anticipate after the establishment of the policies. MMH organizational leaders are focused on providing the best possible benefits available to organizations that are consistent throughout the organization within the nonprofit sector, based on the size of the organization and within the geographical area. A foresee objective of the management is MMH to be a preferred employer of choice. Leaders anticipate that human resource policies and the process would provide a better experience for employees. Staff time-off is the length of service tiers accrual. Key benefits offered to employees of MMH organization are insurance on health, dental, and vision, and a retirement plan that allows for employer and employee contributions.

**Workforce engagement.** Review of workforce engagement includes a review of workforce engagement, performance, and leader development.

***Workforce engagement and performance.*** MMH management distinguishes the purposeful staff engagement contribute toward organizational performance. Interaction with the staff and the management to resolve issues and overcome challenges have benefited the organization with effective communication — leaders holding staff discussions with the staff weekly to encourage staff feedback to gain insight and perspective. MMH resource center is a small NPO which includes 11 full time and part time staff plus the board of directors. All other staff work in the office, except for the two thrift shop staff work off-site location. Office staff participates in weekly review meetings conducted by the executive leader. Each staff member provides an update of

what task they are performing regards to the strategic plan, which typically includes three more discussion points. Case works discuss new clients and progress of the existing clients. Experienced senior staff regularly perform the day-to-day processes without documenting the specific process. The significant drivers of the MMH nonprofit workforce are the personal passion for providing critical support for single mothers with young children who are in distress and nurturing parent education. Directors of MMH nonprofit celebrated and valued high staff performance and celebrated through individual recognition and recognition of the group and organizational successes. MMH organization is inclusive and diverse and does not tolerate any form of discrimination. Leaders of the NPO believes in open and transparent communication and emphasizes equality, respect, and integrity in all areas of operations. Management also considers that staff and clients are a duty of care.

MMH organizational leaders understand that the most current measures are subjective, so it is challenging to correlate information. Compensation is based on the staff's work position, skill level, and performance. When addressing reward and incentive pay, MMH organizational leaders balance what is valuable to individual staff members with what is appropriate based on the size of the organization. A specific benefit of a small organization is that management and the staff closely associate with each other, thus enabling direct communication among each other and therefore, find innovative ways to reward staff uniquely. The organizational environment built by the leadership through the years is a culture of trust, engagement, and transparency that allows for honest feedback, and an innovative workplace. Management would continue to grow and

develop the workforce appraisal, bonus, compensation, and incentive process within the organization.

***Workforce and leader development.*** The executive director plans regular training sessions to assist with the formal development of the workforce; the executive director and most senior staff based on their availability conduct new employee orientation. The executive director conducts one-on-one meetings with direct report employees to discuss training needs. During weekly meetings, leaders and staff discuss performance, processes, issues, and employee feedback solicited. The custom in-house developed software system upgrades are still under development and may provide a comprehensive data resource one implemented — long term action plans incorporating feedback from monthly board meetings by the executive director. The workforce is a pivotal part of organizational change, performance, and innovation. Management of MMH nonprofit lacks a career progression plan due to the lack of financial resources to envision expansion implementations. However, existing practice is to provide current staff first opportunity to fill vacant and new positions prior to going to open market job postings. Though there is not a formal secession or leadership development plan in place, management can identify employees that may be able to fill next-level roles.

## **Operations**

**Work processes.** Review of work processes includes information regarding product and processes design, process management and improvement, innovation, and financial performance.

***Product and process design.*** Vital services are structured and developed by assessments and requirements based on the needs of the community and based on funding sources allocations. Key services are aligned with the organizational mission to assist fractured families with single mothers with young children. Funding from grant sources characteristically has strict use and reporting requirements. Philanthropic funding sources usually do not have a specific use or reporting requirements. Generous funding provides augmenting services by the staff of MMH, through grant funding and for services not defined within grand funding programs.

***Process management and improvement.*** There is a focus to ensure workforce have access to necessary resources they need to perform job functions and staff. Measurements and metrics are essential tools for leaders to determine the performance of the service and programs provided and the impact on the clients. Leaders receive additional data and measurements timely information, allowing them to make decisions and change needed to meet client needs as well as to increase performance and competencies.

***Innovation and financial performance.*** It is essential for innovation to collate with financial performance for nonprofit organizations' survival. To stay current, relevant, and pursue innovative solutions, best practices from similar organizations are reviewed and analyzed for applicability. Diverse types of innovations are believed to create competitive advantage and contribute to organizations' performance. Staff offers are actively involved in developing a new process and are expected to be change agents for continuous improvement. Serval of the innovation types is service, organizational,

product, process, and fundraising innovations. For financial and other resources available to pursue innovative opportunities, leaders collaborate with other organizations assisting the homeless single mothers with young children, granters, donors, and other organizations as the need arise.

**Operational effectiveness.** Review of organizational effectiveness includes information regarding process efficiency and effectiveness, management of information systems, and safety and emergency preparedness.

***Process efficiency and effectiveness.*** Effective management of cost is essential for the substantiality of the organization. The executive director creates an annual budget to plan expenses and implement controls and ratified by the board of directors. Based on the allocation of funds, leaders manage expenditure according to the authorized budget dollars allocated to specific projects, process, or services. Approximately 85% of the organizational budget dollars comes from government grant funding. Each government grant is managed with great care within the organizational budget and expensed according to guidelines set forth within the grant parameters. Also, non-grant expenditures are managed carefully in alignment with the nonprofit budget and considering revenues and wherewithal. Technology solutions would help prevent errors and rework of manual processes and increase efficiency and effectiveness. Leaders ensure compliance on grant funding with expenditures that are monitored. Balancing the quality of client services with control of cost are persistence consideration. Distinctive within the smaller nonprofits sector, there is constraint relative to the need for services and funding for those services. Leaders make a conscious effort to use resources to make

the most noteworthy impact. Shortcomings addressed through securing additional funding when possible.

***Management of information systems.*** MMH organization leaders use in-house built software application for day to day operations and proprietary donor management system from Salsa Labs. The constituent management software enables the organization to manage constituent profiles, tracking supporter's information, relationship tracking for better insights for better leverage for fundraising needs, pledge and recurring gift automation and easier data management to increase donor engagement. MMH nonprofit leaders use internet and website hosting through a web hosting service provider. The main interface for the nonprofit to their supporters—their organizational website—is maintained offsite. The contracted company ensures reliability, security, and has a backup and business continuity procedures in case of a natural or human-made disaster. Technology provider was selected after analysis of the provider's reputation, adequacy for use within a small nonprofit organization, provider size and longevity, and security platform and capabilities. Particularly sensitive data on client information such as social security numbers, date of birth, and other personal data. Are secured within the system, reducing the potential for client private data exposure. The use of technology solutions reduces data exposure risk. Security awareness and threats are priority considerations.

***Safety and emergency preparedness.*** Based on the safety and health regulation employees, NPO provides safe and hazard free work environment that would not cause physical or mental harm. MMH executive director ensures that the staff comprehends the organizational policies to maintaining a safe work environment: workplace practices,

emergency procedures, building procedures, security procedures, and etiquette.

Management of the MMH nonprofit provides the staff with a safe environment to perform their job roles. There is not a formal emergency or disaster plan in place.

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

**Measurement, analysis, and improvement of organizational performance.** Review of measurements, analysis, and improvement of organization performance includes information regarding performance measurement, analysis, review, and improvement.

*Performance measurement.* Client leaders and staff require accurate data to analyze, measure effectively, and improve their organization's performance (Baldrige Performance Excellence Framework, 2017). Business leaders need to instill processes to promote robust strategies, knowledge transferability, and utilization (Granados, Mohamed, & Hlupic, 2017; Lee & Keng-Boon, 2015). Financial information is documented and is reported on a monthly by the executive director and bookkeeper to the board members of MMH nonprofit. The nonprofit leaders need to capture more accurate client usage of services. Leaders of the resource center can take the effective measure of client interaction, service usage, workforce capability, and organizational performance by analyzing the captured data. Leaders make informative decisions on historical data for budget planning and evaluate organizational performance and proactively address deviations from the organizational objectives. Based on Baldrige Performance Excellence Framework (2017) organizational data measurement, analysis, and knowledge management include categories such as (i) measurement, analysis, and improvement of organizational performance and (ii) information and knowledge management.

Table 7

*Key Performance Measures*

Key organizational performance measures	Review term
Total revenue relative to expense and budget	Monthly and end of year
Total expense relative to revenue and budget	Monthly and end of year
Cash reserves and account receivable relative to historical	Monthly and end of year
Institutional grants financial metrics/compliance/constraints	Continuous
Clients served by program line year-over-year	Monthly and end of year
Donor relations and care	End of year

Leaders use key organizational performance measures and financial data to ensure the organizational financial position is favorable and able to support strategic objectives, continuing operations, and future viability (see Table 7).

***Performance analysis, improvement, and review.*** Organizational leaders use organizational performance analysis results to inform their strategy development and implementation processes (Baldrige Performance Excellence Framework, 2017). MMH leaders foresee to continue the capability development of the staff in correlation with technology to enhance efficiency to the services provided. Multiyear program and financial projections reflect the strategic priorities, and organizational and workforce evolution. Through the continued development of in-house software systems, technology, and metrics, leaders would have additional and in-depth data that would help to make quality obsessed decisions and measure organizational performance. Consistent reviews of the effectiveness and accuracy of projections and plans and variances would have

continuous improvement through the organizational workforce and help build a stronger organization for the future.

**Information and knowledge management.** Review of information and knowledge management includes information regarding data, information, organizational knowledge, and, organizational learning.

Management tools used to collect information and analysis to allow leaders to make faster and well-informed decisions and develop robust strategies to enhance efficiencies and services for greater impact. Knowledge management is a strategic tool to create value in an organization; organizations can attain the best allocation of external resources (Campos-Climent & Sanchis-Palacio, 2017). Campos-Climent and Sanchis-Palacio (2017) explained that one of the key issues in knowledge management is absorptive knowledge capacity, something that can also be determinant in the case of social enterprises as most of them are small organizations with troubles in funding sources projects. Providing quick response to a dynamic environment would effectively cable through knowledge management. Dynamic capability is a vital source of sustainable competitive advantage for social business. Organizations that sustainably create social value by following a continuous process of innovation, adaptation, and learning. For the benefit of knowledge, organizations need to know how to create, share and use it within the organization, so that knowledge management becomes a key capability to create value for customers (Campos-Climent & Sanchis-Palacio, 2017). MMH leaders are early in the process of implementing comprehensive technology systems that would provide data, metrics, and add efficiencies to increase organizational

and workforce capabilities. Vakharia, Vecco, Srakar, and Janardhan (2018) defined knowledge management as the business leadership's practices intended to achieve business goals through their efficient and effective management of the firm's knowledge resources. Successful organizations must be able to use collective knowledge to advance their goals and missions.

***Data and information.*** MMH leaders acquired a tool to administer a supporter base by investing in an online donor management program called Salsa. The Salsa program provides the capability for client leader and staff to manage granters, donorship, and run various historical reports. Leaders and staff use the systems to automate reminders and provide effective management and personalize supporter information. Thus, helping the client leaders to increase donor retention and allocate fund utilization and to manage complacencies on each funding sources. MMH leaders are early in the process of implementing technology systems that would provide data, measurements, and add efficiencies to increase organizational and workforce capabilities.

***Organizational knowledge.*** Executive director and the members of the board have extensive knowledge and experience in the nonprofit sector and human services through working in the organization for several years. Some of the board members sit on other nonprofit boards, which helps in collaboration. MMH leader organizational knowledge developed by formal and informal sources. Staff receives formal job training that relates directly to their function and is provided regular ongoing training to enhance skills, knowledge, ability, and competences. Client leaders encourage organizational knowledge to share with the entire organization through group and individual staff

interactions. Collected data from numerous internal and external sources is correlated to assess organizational performance and progress to strategic objective and action plan completion. Using organizational technology, leaders share information between key community, partners, and government authorities that help easier collaboration that allows for a transfer of unique knowledge and new ideas.

***Organizational learning.*** Senior leaders established goals that emphasized the enhance learning to increase capabilities with the workforce. The executive director needs to the staff to engage clients and the supports with intensity to make increase organizational impact. All employees, including the executive leaders, contribute with effective strategies, actions, tactics, and tasks to best achieve the mission, thus contribute positively to towards nonprofit's vision.

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

#### **Customer-Focused Product and Service**

The leaders of MMH established the resources center in 1996 with a goal to help single mothers with young children coming from fractured families by providing basic essential to training such as nurturing parenting education, and self-sufficiency. MMH leaders develop and enhance service offerings as appropriate to fulfill the organizational mission. The services provided by MMH organization leaders address the needs of the community. Partnerships are effectively managed to extend client services such as homeless shelters and assisting in domestic violence victims. With few exclusions, creating positive results for the community depends on the coordinated efforts of multiple organizations. Leaders of MMH has established training programs to build capabilities to provide enhanced services to

clients. Leaders anticipate by evaluating the developing feedback data to measure client engagement and satisfaction and to provide insight into the need for and effectiveness of specific services.

MMH organization is a U.S. Internal Revenue Service registered 501(c)(3) nonprofit organization. Leaders and staff focus the nonprofit’s product offerings—categorized as education and training and resources and consultation—in helping fractured families, especially single mothers with young children. MMH nonprofit staff provides several types of assistance year over year; clients serviced during 2015-2018 (Figure 6).

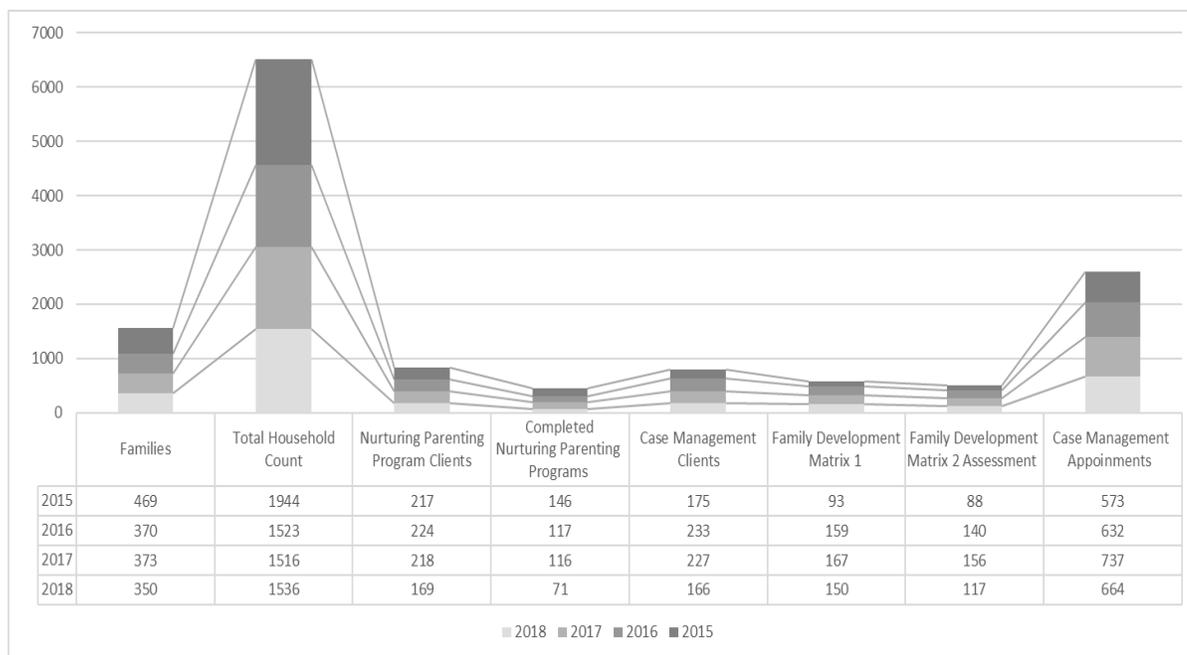


Figure 6. Client service numbers during the years 2015 – 2018

MMH organizational staff provides traditional job training for single mothers from crisis-hit families and nurturing parenting programs to attained self-sufficiency focused on single mothers with young children. The MMH core organizational structure

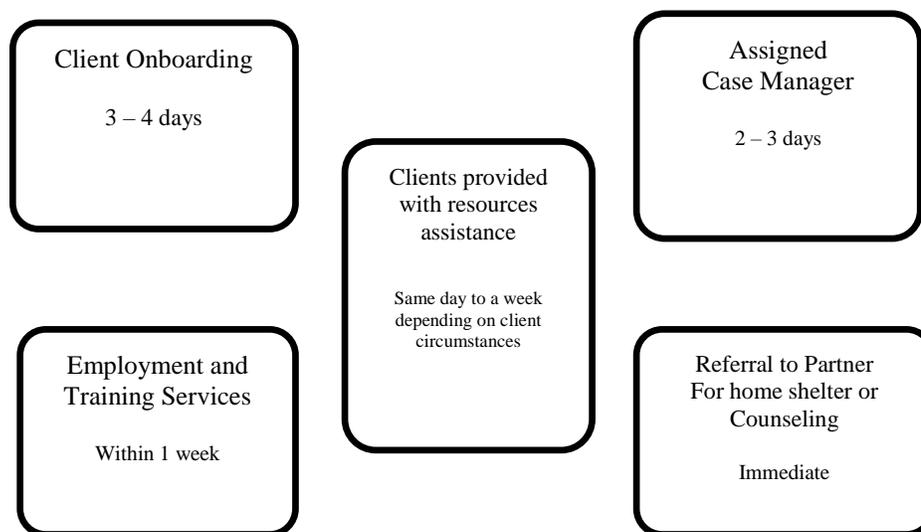
includes only 11 staff members and four board members. MMH nonprofit leaders are developing additional service metrics to assist them in analyzing client service usage data, allowing them to be better prepared to identify and proactively address the impact and shifting usage patterns. The number of clients served is a consideration when evaluating expense efficiencies with donor and grant funding. The higher number of clients served in 2015 is lower than in 2017.

**Work process effectiveness results.** MMH leaders and staff works in coordination to maximize effectiveness. Organizational leaders are researching additional grants to apply to and, when approved, would use the grant funds to fund additional resources and programs to assist more clients. MMH staff are motivated to help single mothers who suffer from incidents. MMH nonprofit business leadership has seen an increase in peer supporters—through social media; website visits; in-person and online.

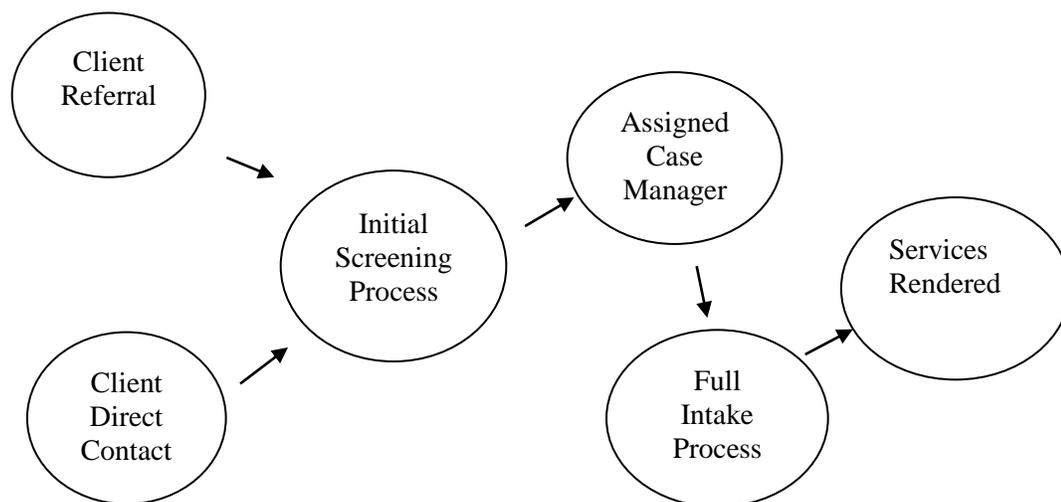
The leaders of MMH acknowledged a formal process of determining client satisfaction, dissatisfaction, and engagement does not exist. Leaders of MMH plan to implement formal processes in the coming year and use volunteers from the community to conduct surveys. The information from the surveys would promote opportunities to obtain actionable information for client engagement.

Technology incorporation on the processors of the operation would assist with providing more expansive data increasingly that management may able use to maximize organizational efficiencies and process effectiveness. The service timeline to get client assistance such as basic needs, child care, or even homeless shelter with partner organizations in locality dependent on various factors. Factors for client services timing

include the state of the client, single mothers with a single young child or multiple young children, client background of domestic violence, and medical issues — urgent assistance provided to single mothers with young children with special needs such as medical problems. Time to aid and services are subject to the type of assistance needed by the clients. MMH organizational leaders are continuing to enhance and develop effectiveness and development metrics for client onboarding, the timing of first interaction to getting a client the basic resources, training, employment services, and client referrals to partnering organizations for home shelters, legal services (Figure 7).

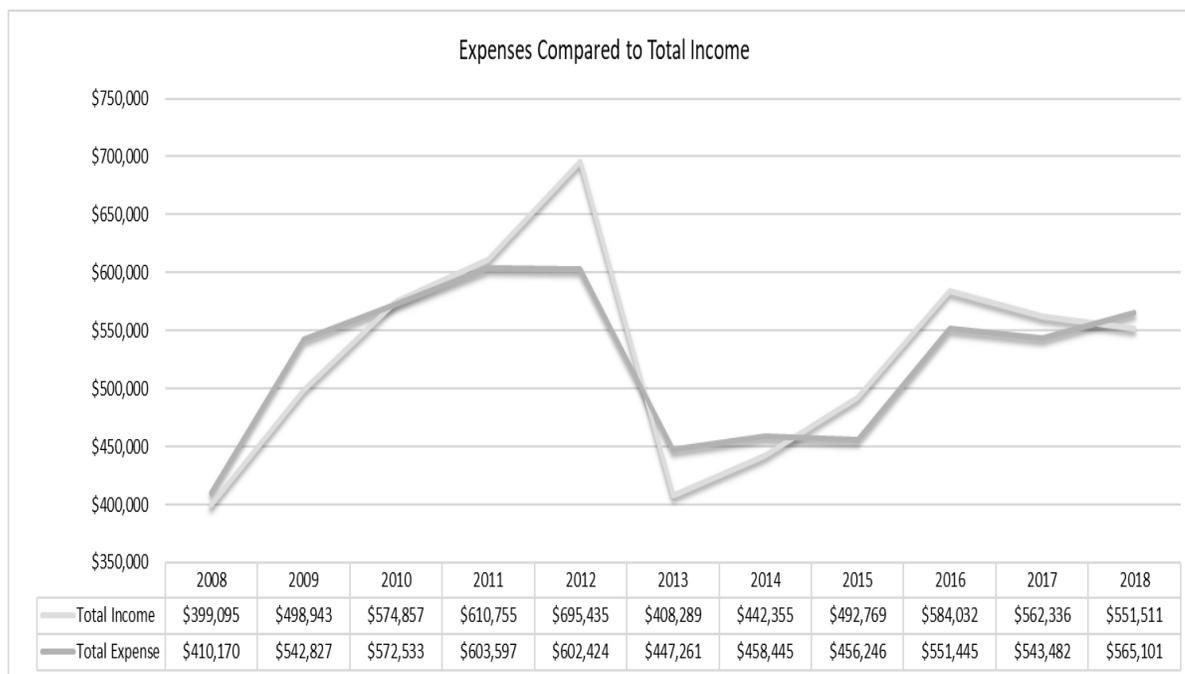


*Figure 7.* MMH Organization’s client time to services.



*Figure 8.* MMH organizational client onboarding process.

Client onboarding process time is a new metric developed in 2019 that capture in the future. The streamlining of the client onboarding process positively impacted the client experience by removing roadblocks for staff (Figure 8). MMH organizational leaders focused on balancing administrative overhead with providing services to clients, improving organizational and workforce capabilities, and enhancing the employee and client experience. Management and general expenses, and total income increased year-over-year from 2008 through 2018 (Figure 9). The number of clients served is a consideration when evaluating expense efficiencies with donor and grant funding. MMH organizational leaders have managed to stabiles expense compared to income expense after 2013 to 2018.



*Figure 9.* Management and general expenses compared to total income.

**Safety and preparedness.** MMH nonprofit leaders are conscious of the physical safety of staff and clients. Access to facilities adequately secured. Human resources guidelines regarding appropriate workplace communication and actions are in place and provided to staff. Management is accountable to actively address any deviations from the human resource guidelines and safety concerns in their areas of responsibility. Informal emergency and disaster practices primarily address workforce dismissal. MMH nonprofit leaders are considering the development of formalized workforce emergency and disaster recovery plans to expand the informal process in place. However, due to the size of the business, the task is under-prioritized. Information technology, business continuity, and disaster recovery are in-house; however, donor data within Salsa and website hosting are outsourced to the hosting provider using cloud services. Organizational leaders are

confident in the software application provider's ability to provide and support business continuity and disaster recovery services.

**Supply-chain.** The executive leader decided on the supply chain process for the nonprofit business for the effective service execution. All purchases are made based on pre-authority and budget. Significant expenses and vendors are analyzed and approved through corporate leadership. There is not a formal supplier or vendor performance assessment process in place due to the size of the organization. Most of the supplies needed for the basic needs of clients are donations. The executive leader selects vendors and suppliers informally through internal discussions and feedback such as for technology services MMH senior leaders do not have immediate plans to formalize the vendor assessment process due to the low volume of repeated purchases.

### **Customer Results**

**Customer engagement.** The leaders of MMH acknowledged a formal process of determining client satisfaction, dissatisfaction, and engagement does not exist. Leaders of MMH year marked plan to implement formal processes in 2019 and use volunteers from the community to serve to conduct client surveys. The information from the surveys would promote opportunities to obtain actionable information and increase client engagement (refer to Table 8). Senior leaders of MMH nonprofit stated that the appeal to help people who suffer from exposure to fractured families goes well with the ardent and spiritual background.

Table 8

*Client Engagement and Satisfaction Processes and Effectiveness*

Channel	Data source	Effectiveness rating
Survey	Grant process	Low
	Served Clients	Low
	Donors	Low
Direct and indirect client interaction	Clients	High
	Community partners, Stakeholders and agency partners	Moderate
Social media	Facebook	Moderate

**Customer satisfaction.** MMH nonprofit management is developing a formal client satisfaction and engagement process to mature the process and increase understanding of the client experience. MMH nonprofit senior leaders anticipate using data from the enhanced data and measurements to obtain information from various client segments to address potential gaps in service or experience.

### **Workforce Results**

**Workforce capability and capacity.** Actionable data gained through implementing plan providing leaders with essential information and metrics to address workforce capabilities and capacity enhancements proactively. The data and actionable information gained through the process of deploying the plan and the introduction of sophisticated operational software provides leaders with information and metrics to proactively address workforce capability and capacity. Senior leaders would use future data to adjust processes, training, and staff expectations.

There is not a formal succession planning process in place or identified within the nonprofit business leaders of MMH. The development of a formal succession plan could positively impact workforce engagement and capabilities and increase organizational effectiveness in the event of loss of personnel. The volunteer workforce is minimal in the business, and only during special events, volunteers are included in the workforce. Leaders understand that due to the sensitive nature of the service of assisting single mother and their young children requires a workforce which has specialized skills, capability, and capacity to provide adequate service that impacts the community positively.

**Workforce climate.** MMH business heads emphasis on providing a positive, safe work environment and benefits that meet current staff needs, retain staff, and entice new staff. A key objective of management is to become a staff of choice. Senior leaders are developing measurements, metrics, and data from feedback surveys to continue to enhance the work environment within MMH nonprofit business. The executive director expects to maintain the favorable work environment by creating lasting improvements in health and well-being for an extended period despite ongoing changes in funding sources, program models, service providers, community demographics and other factors

**Workforce engagement and performance.** MMH business heads of the nonprofit are developing diverse metrics to measure workforce engagement and performance. The organizational mission is at the center of all services, activities, and capacities.

**Workforce development.** A specific focus on staff development and welfare increased staff effectiveness and engagement. MMH organizational leaders have developed an onboarding and training plan for staff that addresses workforce development. Required third-party training, including web-based grant renewal training, is identified and tracked to ensure compliance with grant requirements. MMH senior leaders strategically developed processes and technology solutions to enhance staff development opportunities. The development of staff is a continuing area of emphasis for organizational leaders. Longer term strategic initiatives include an ongoing effort to enhance staff development and training.

### **Leadership and Governance Results**

#### **Leadership, governance, and societal responsibility.**

Organizational leaders of MMH develop processes and took several measures as well as actions to align key elements to ensure completion of the organizational mission and build workforce capability. Management gauge staff and client engagement, governance accountability, law and regulation, ethical behavior, societal responsibility fulfillment, organizational strategy, and actions plans (Baldrige Performance Excellence Framework, 2017). The board of directors enthusiastically participates overseeing organizational governance responsibilities. Management shares the legal and ethical standards with the stakeholders. MMH nonprofit business leaders depend on government grants, which are a primary source of funding. The executive director oversees compliance and other checks in place to ensure that government grant requirements and the Internal Revenue Service Code requirement. There are no material exceptions noted

in the external audits for the years 2008 through 2017. The reputation of MMH organization throughout social media, the community, and with partners is positive. MMH nonprofit management provides services that directly benefit society. The key community served through the services of MMH company are basic needs for disrupted families with single mothers with young children and training for self-sufficiency. Assisting fractured families directly and positively affects the social and economic conditions in the areas aided by the services provided through MMH nonprofit staff members. MMH nonprofit staff officers and the leaders maintain positive and collaborative relationships with partners and stakeholders the serving community. The leader could continue to expand the reach of services provided through increased media, a focus on serving the client, a positive work environment and capable workforce, and a clear focus on the organizational mission.

**Strategy implementation.** MMH nonprofit leaders focus on developing short-term and long-term strategic plans. Management develops essential components of strategic goals such as funding streams, workforce capabilities, new programs and services, organizational efficiencies and effectiveness, and expanding government and community alliances. MMH management defines strategic objectives goals that are short-term as three-year milestone implementations. Developing revenue streams, donor base increase, and workforce capabilities is a crucial aspect of long-term organizational success. The funding stream and organizational effectiveness is a constant priority for MMH nonprofit business leaders. Without consistent and continues grants and private funding, MMH nonprofit leaders find it challenging to maintain the level of services to

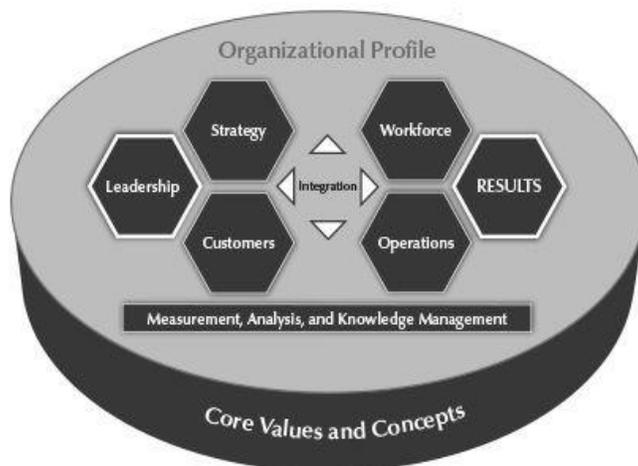
the clients. Leaders tend to review strategic objective progression and adjust plans as needed during board meetings. The development and implementation of the strategic objective set by the board of directors and senior management fall short of scheduled timeframe due to funding constraints and workforce shortages.

MMH nonprofit leaders developed processes and took some specific actions to align key elements to ensure completion of the organizational mission and build workforce capability. The new leaders focus on building workforce capability development, organizational alignment, and the development of an inclusive and empowering organizational culture. Leaders intend to emphasis on developing workforce capabilities through culture, technology, and a commitment to workforce development. The number of clients served increased year-over-year without any additional employees.

### **Baldrige Excellence Framework**

Leaders use organizational excellence frameworks as a tool to evaluate and improve organizational performance. Crum-Allen and Palmer (2016) assessed that the Baldrige Excellence Framework corroborated and sought after by many organizational leaders to validate organizational effectiveness and efficiency. The Baldrige program has seen the extensive study and widespread support of its integrative, non-prescriptive seven category performance excellence model, which provides a framework offers mechanisms for evaluators an assessment tool for understanding organizational strengths and opportunities for improvement (Mai, Ford, & Evans, 2018). Miller and Parast (2018) examined the findings that organizations improve . their quality performance after the Baldrige Excellence Framework criteria implementation. The data for Miller and Parast's

study from the National Institute of Standards and Technology (NIST). The data represent the median rating across the multiple quality experts for each of the subcategories of the Baldrige Excellence Framework. The data included from all applicants that applied for Baldrige Excellence Framework from 1990–2006.



*Figure 10.* Baldrige Performance Excellence Framework. This figure illustrates the seven categories within the Baldrige Performance Excellence Framework of Leadership; Strategy; Customers; Measurement, Analysis, and Knowledge Management; Workforce; Operations; and Results. Retrieved from <https://www.nist.gov/baldrige/publications/baldrige-excellence-framework/business-nonprofit>.

There are seven categories with the Baldrige Excellence Framework (Figure 10). Much of the emphasis stems from the recognition that effective quality management enables organizations across a variety of sectors to improve their operational and business performance. The independent and systematic evaluation of business practices and performance increases the potential of organizational effectiveness and success. Based on their research, Hallam, Valerdi, and Contreras (2018) study finding suggested that lean transformation yields mixed results unless senior leaders take strategic actions. Hallam et al. suggested that knowledge management, human resources, and business growth are

some of the strategic actions that can result in performance heterogeneity by improving the output/input ratio of the firm. By developing business excellence and lean process, practices have a positive effect on operational, financial performance, delivery, costs, organizational performance, and quality while eliminating nonproductive activities and processes (Hallam et al., 2018). Authors Hallam et al. used literature review of 109 peer-reviewed papers on lean manufacturing and qualitative analysis of 23 Baldrige award winners (2000-2014) that implemented lean for their study to assess the importance of strategic actions in achieving sustainable competitive advantage through lean transformation.

Using Baldrige criteria, Thompson and Blazey (2017) suggested that the objective of organizational leaders is to engaged customers, engaged workers, efficient processes, metrics to monitor progress leading to desired objective and value, goal setting applies to any managed enterprise. Thompson and Blazey (2017) insisted that employees must be motivated and possess the skill and knowledge with capabilities to do their work, and flexible processes to contribute their utmost. Organizational leaders must develop efficient work processes and monitor the effectiveness of tasks to adjust to maximize value (Thompson & Blazey, 2017). Thompson and Blazey argued that employees in charge of carrying out work processes consistently to meet performance goals. Motivated employees contribute their highest for the success of the business and its clients.



*Figure 11.* Third generation Baldrige Performance Excellence Framework depicted graphically, by Mai, Ford, and Evens (2018), *International Journal of Quality & Reliability Management*, 35(8), pp.1599-1616. Copyright 2017 by the Authors and Emerald Publishing Limited. Adapted with permission of the author.

The third generation of the Baldrige Excellence Framework, displaying the seven criteria (Figure 11). Value creation strategy implementation that is not implemented simultaneously by a competitor by business leaders gains a competitive advantage (Hallam et al., 2018). Miller and Parast (2018) performed research focused on the effectiveness of the Baldrige Excellence Award criteria within the government sector and found the three components of leadership, workforce, and operations are the most impactful.

**Leadership.** The MMH resource center's senior leaders lead the organization through the development and execution of the sustainability and strategic plan and key financial, emerging analytical data information, and feedback from the clients and staff

officers. The executive director conducts a key status check is carried out during the weekly staff meeting, which includes every employee. Leadership also encourages employees at all levels to take initiatives to promote and help cultivate an organizational mission.

The executive director and chairman and other three board members meet monthly to discuss issues in an open dialogue of information exchange and updates of the nonprofit's activities.

**Governance, law and regulations, and ethics.** MMH nonprofit senior leaders develop the organization's by-laws, including amendments to the by-laws, according to state corporation law. Senior leaders use the by-laws as the business's internal operating laws. The nonprofit's leaders abide by the stated by-laws in governing the organization's activities. The board members provide the overall direction for the executive of the nonprofit's business and affairs. The board meets at a minimum of twelve times a year. The chairman, or by a majority of board members, may call for special meetings throughout the year. The board members may appoint qualified members among the existing board members, other committees to serve at the desire of the board. Currently, MMH nonprofit board has not appointed an advisory board at present.

The board hires the executive director. The executive director supervises and controls all the business affairs of the organization and is responsible for implementing the policies. The board also authorized the executive director with fiduciary responsibilities on behalf of the nonprofit. The executive director of the nonprofit to perform duties authorized by the board of directors. MMH nonprofit's executive director

required to disclose financial statements and observe to tax regulations typical of all 501(c)(3) nonprofit business and file an IRS Form 990, annual returns of organization exempt from income tax. In compliance with the IRC, chairman, board members, directors, and the executive director maintain independence, avoiding any conflicts of interest, and sign the organization's conflict of interest policy annually. MMH organization's leaders and staff must abide by written policies that include bylaws and principles.

**Transparency.** MMH leaders are aware that the organization lacks updated reporting information on GuideStar as per 182,173 California NPOs that reported to GuideStar with necessary transparency information to allow a researcher or potential stakeholder to review the NPO (GuideStar, 2018).

### **Financial and Market Results**

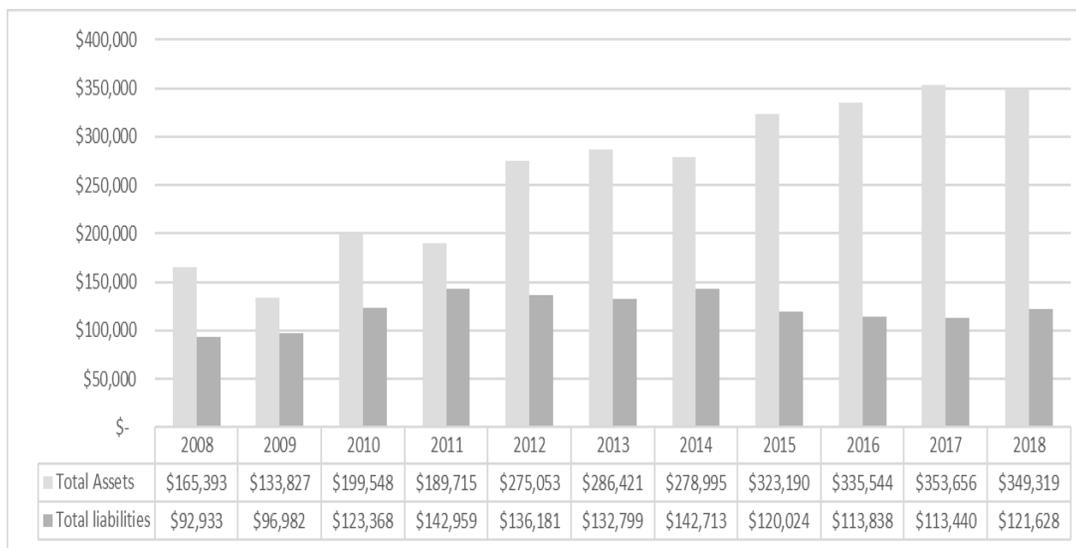
Referring to the MMH nonprofit's sustainability and strategic plan, one of the primary goals stipulated by the leaders was to secure financial stability, expansion, and accountability. The organizational leaders and staff have shown financially resilient to maintain a state of growth throughout the last decade. Since 2015 the business has shown increasing grants, higher liquidity, easy availability for emergencies fund, increased revenue, increased operating reliance, increased operating margin, increased program service revenue, lower administrative expenses, and an increased program service diversified portfolio. Nonprofit business leaders of MMH primary goal was to focus their effort towards getting the organizations financially stability.

MMH nonprofit business leaders utilize funding from grants and private donations as per the fund utilizing plan effectively, by controlling expenses, and are managing growth. Currently, the majority of funding comes from grants and institutional donations, which leaders recognized as a potential threat to future funding sustainability because of the dependability of larger donors. Efforts are underway to increase private philanthropic funding, and the executive director has proposed to hire a program director. Leaders are keeping the expenses inline as they develop a network of nonprofit income sources — the amplified focus on employee benefits and workforce capability, the client experience, and fund-raising efforts.

**Financial performance.** MMH management’s financial performance depicts in the period FY2008-2018 with historical trends. Since the purpose of this qualitative single-case study was to explore income diversification strategies that NPO executives use to increase income sources, I have elaborated MMH nonprofit’s revenue sources and then cover financial performance measures. As noted earlier, MMH nonprofit leaders’ financial procedures show increasing financial health and stability.

**Assets and liabilities.** The executive director is keen to develop the nonprofits vacant land parcel donated in 2008. MMH leader has a sort of technical assistance to understand the land usage strategies for the nonprofit. The technical assistance team with a consultation with the board member of MMH has prepared a plan to utilize the land and develop the land to house MMH operations of the campus, resource center and the thrift shop in one central location. Which would require to build a 25,000 square foot project, total costs estimated at \$10,495,000. Out of the developed area, 16,000 square feet site

would allow for MMH to co-locate services and operations alongside the thrift store operations. Additional space could create a rental opportunity for the organization. Nonprofit's thrift shop is currently low yielding as it is an area where is minimum foot traffic. To increase revenue management is considering relocating the thrift shop to high foot traffic location either by leasing a different location. MMH leaders would require increased fundraising to achieve either of the options. Assessments are carried out by the management for additional funding sources such as develop new market tax credits, loans, and non-profit housing partners, community development block grant (CDBG) program funds, state and federal grants. MMH nonprofit businesses management depicts the comparison of assets and liabilities (Figure 12) from the period 2008 to 2018.



*Figure 12.* Comparison of assets to liabilities of MMH organization from the period 2008 to 2018.

Loan guarantee provision that allows local government to transform a small portion of CDBG funding into federally guaranteed loans large sufficient to pursue

economic revitalization projects through the Section 108 program of the CDBG. Such loans typically range from \$500,000 to \$140 million, depending on the scale of the project or program. Under Section 108, project costs spread over time with flexible repayment terms, and borrowers can take advantage of lower interest rates that are obtained from private financing sources. MMH leaders can leverage the growth of the new thrift store to expand fundraising capabilities and increase cash reserves. MMH nonprofit business leaders also have proposed a creative real estate development by considering working with a developer who needs a charitable cause as part of a larger market-rate project

**Revenue diversification.** Based on Markowitz (1952), the leader's strategy to diversify its income for the business to reduce business instability is the organization's revenue diversification. Diversified revenue portfolio would decrease the unpredictability of one revenue source, creating greater organizational sustainability and efficiency (Hung & Hager, 2018). Due to the new project planning, MMH nonprofit business leaders would need to be optimizing and increasing its existing diversified revenue portfolio within the major revenue source of program service revenue. The MMH resource center is a client-focused human service organization, and as such, the organization's primary revenue category is grants and donations and increasing program service revenue, containing several sources of revenue. MMH organization leaders would represent their

revenue diversification (Figure 13).

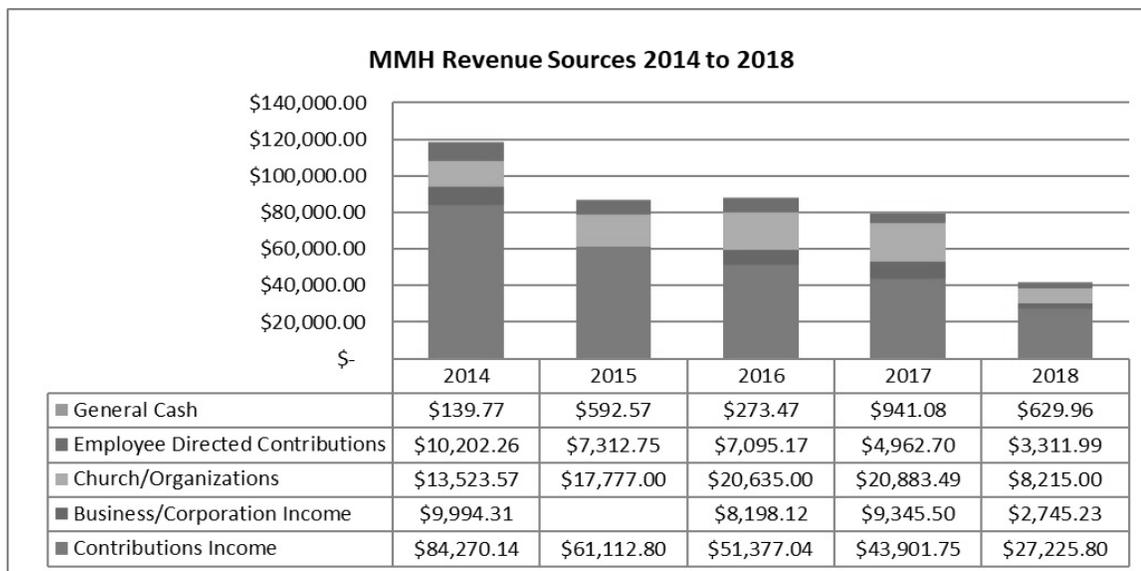


Figure 13. MMH nonprofit’s revenue diversification (2014-2018).

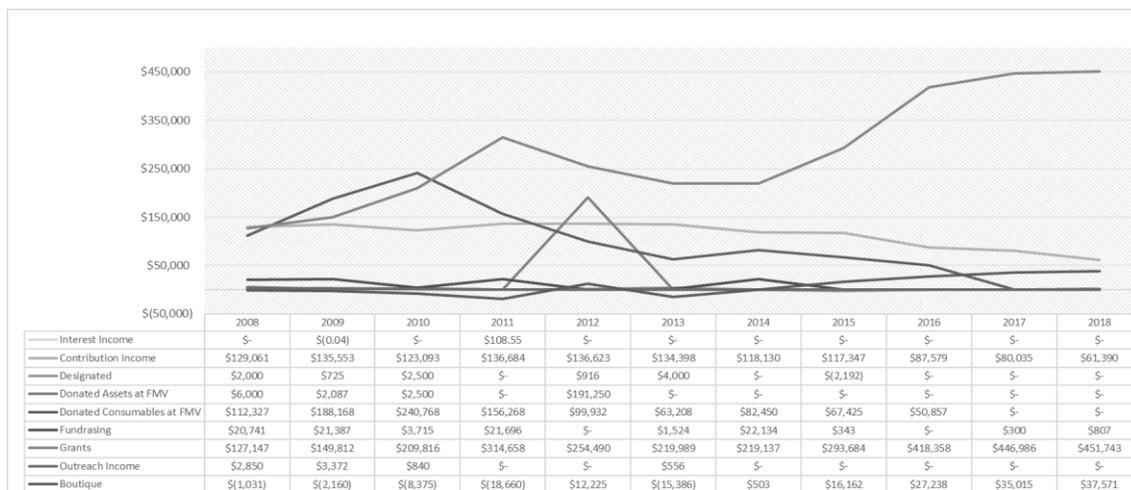


Figure 14. Provides an overview of the revenue sources for the MMH nonprofit from 2008 to 2018.

Since 2014, the executive director has increased the number of donors, grants, and other income (Figure 14). As the leadership and staff increased services and donor awareness, the revenue portfolio became increasingly diversified.

**Financial performance measures.** Performance measurement of NPOs is of increasing importance for donor agencies, policy-makers, and donors. MMH organizational financial performance–income (Figure 15).

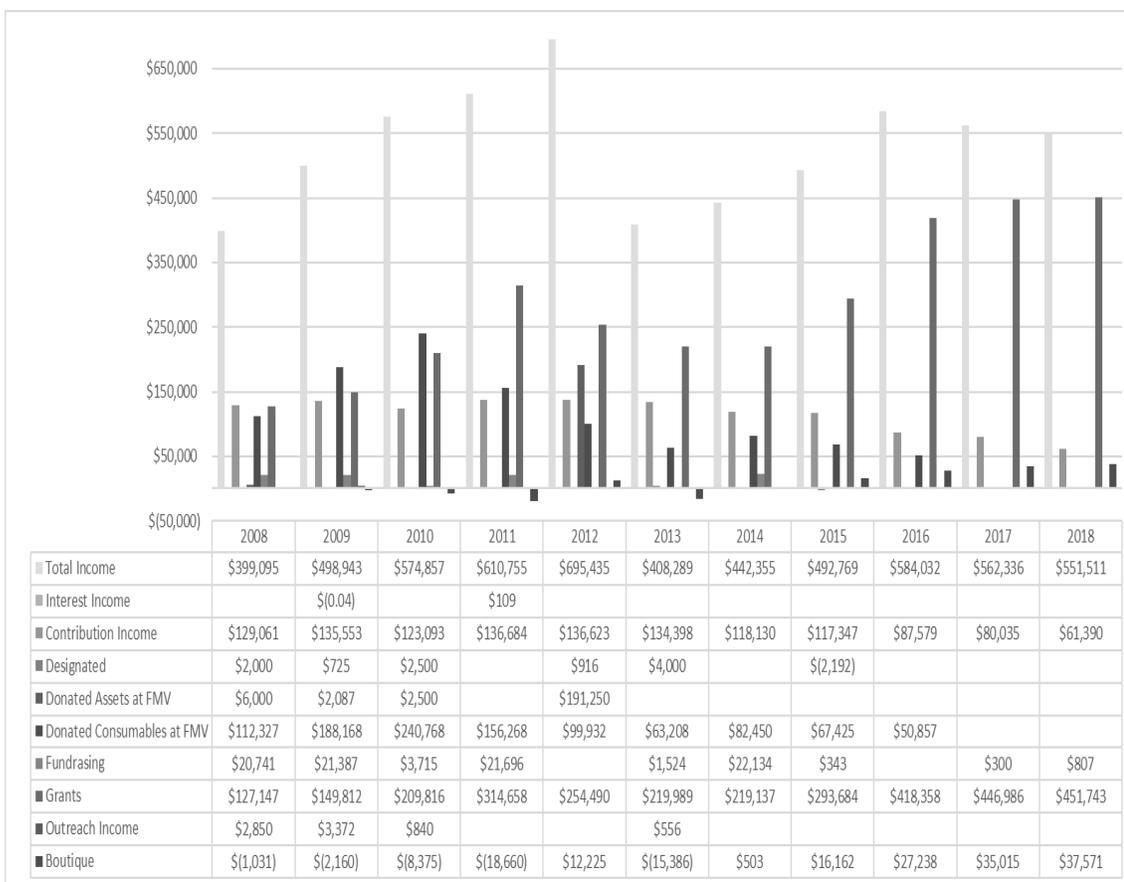
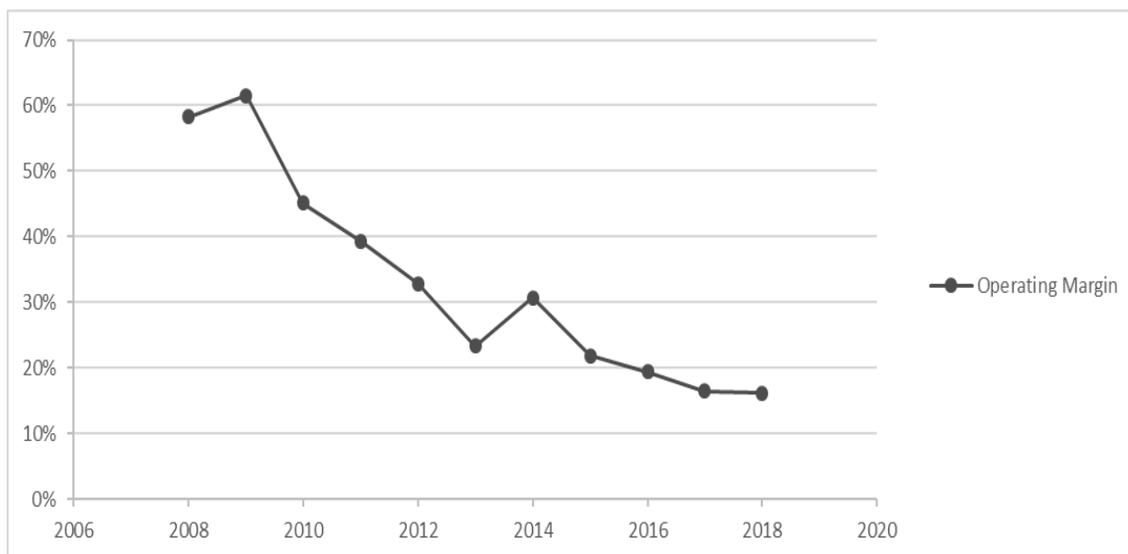


Figure 15. Financial performance–income.

NPO managers face challenges in the ideological conflict between the public and voluntary sector that needs balancing the double bottom line of mandate and funding.

NPO leaders need to place emphasis on their mission and incorporate that mission into their strategy and operations. Besides, organizational leaders must develop metrics for determining how well the organization performs toward achieving the goals of the mission perform better in other more traditional metrics. Performance measures included fundraising, employee retention, financial health, and several services provided. While each NPO must develop its mission-based metrics, this study indicates that it may be worth the effort. Used in performance and existing accounting measures, these measurements provide a more accurate representation of the MMH organization's leaders performance that can be helpful for managers, donors, foundations, and boards. Larger revenue incentive weights for nonprofits organizations leaders place on more mission-congruent revenues. Financial performance evaluations require several factors such as operating margin, revenue and expenses, liquidity ratio, solvency, cash flow reserves, capital structure, and administrative expense and efficiency.

**Operating margin.** Operating margin is the total revenues minus total expenses divided by total revenues (Gaver, Harris, & Im, 2016). MMH organizations are operating margin from 2008 to 2018 (Figure 16).



*Figure 16.* MMH organization 's operating margin (2008-2018).

Chang and Tuckman (1994) and Tuckman and Chang (1991) promoted positive operating margins for nonprofit business leaders to maintain financial elasticity while preventing financial vulnerability. Moreover, low operating margins were one of the four indicators of financial vulnerability based on Tuckman and Chang (1991) research.

**Revenue and expenses.** Since 2008, leaders MMH nonprofit have maintained a net income balancing costs. The net income surplus has increased each year. An overview of the nonprofit business's revenue and expenses from 2008 to a projected 2022 (Figure 17).

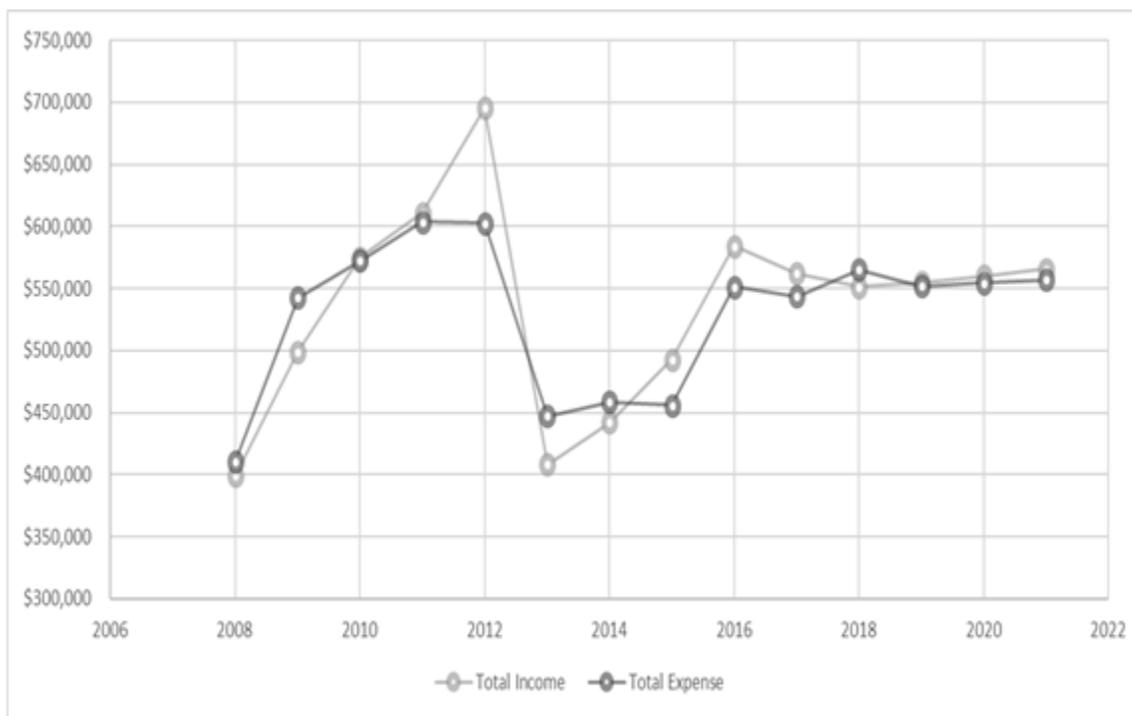
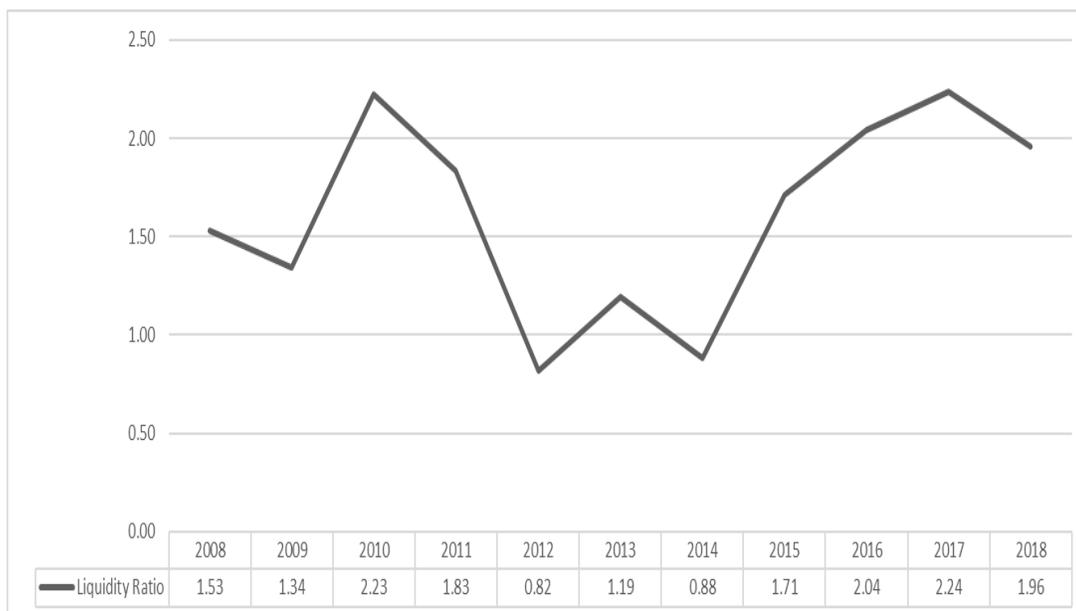


Figure 17. MMH organization's revenue and expenses (2008-projected 2022).

**Liquidity ratio.** The liquidity ratio is the comparison of quick assets to current liabilities. Liquidity ratio, also known as the quick ratio, is a measure of an organization's ability to pay immediate debts or solvency of the organization — current ratio for short term solvency. The comparison of (quick) assets to current liabilities is the liquidity ratio of a business. Prentice (2016b) stated that liquidity is the availability of NPO reserves availability of wherewithal or assets that turned into money within the fiscal year without the noteworthy expense. Liquidity ratio, also known as quick ratio, is a measure of an organization's ability to service callable pending debts. MMH organization's liquidity ratio from 2008 to 2018 (Figure 18)



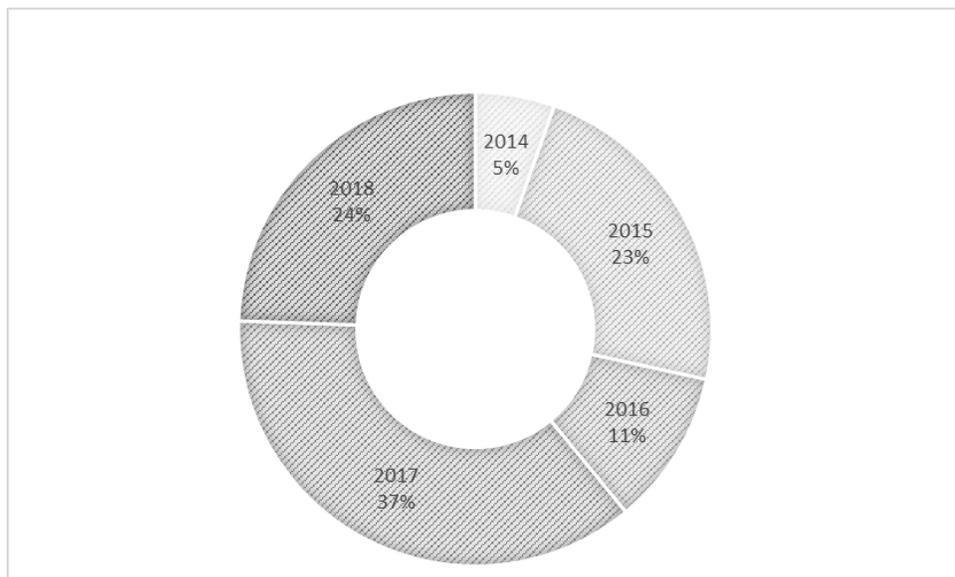
*Figure 18.* The MMH organization's liquidity ratio from 2008 to 2018. A ratio above 1.0 means that nonprofit leadership has enough quick assets to cover current liabilities.

**Solvency.** Solvency is an important measure of an organization's financial health.

Regardless of the business type, solvency factors into an organization's capacity to carry out its mission and purpose. Nonprofits solvency due to financial stress, weak liquidity, and lack of profitability are associated with more severe financial and organizational difficulties. Solvency calculated with two ratios operational solvency and financial solvency. Carroll and Stater (2009) argued that solvency provides insight into the ability of the organizations to meet their financial obligations. Frumkin and Keating (2011) discovered evidence that nonprofits with less diverse revenue structure are more efficient in all areas except fundraising, while nonprofits with a more diverse revenue structure have a greater surplus margin, greater liquidity and have a lower risk of becoming insolvent.

**Cash flow reserves.** Cash flow is cash receipts into and cash payments out of an organization's accounts. Managing cash flow depended on the commitments for liability and cash receivables. Organizational leaders need financial control for effective financial planning. NPO leaders provided operating reserves to provide long-term fiscal stability and may borrow funds during a shortfall instead of utilizing the cash reserves or cutting services (Grizzle et al., 2015). Diligence in cash flow management is essential for financial stability. Tuckman and Chang (1991) claim that nonprofit leaders have a motivation to earn and accumulate surpluses by applying a model to a national sample of 6,168 charitable non-profits and established the hypothesis that nonprofit leaders deliberately plan to increase their organization's equity. Grizzle et al. (2015) emphasized that during the periods of financial stress and shortage of cash flows, nonprofit leaders gain the ability to navigate and stabilize finance by using operating reserves. To reduce risk and to increase long term fiscal health, an organizational leader can create diverse revenue streams along with fiscal practice and accountability measures.

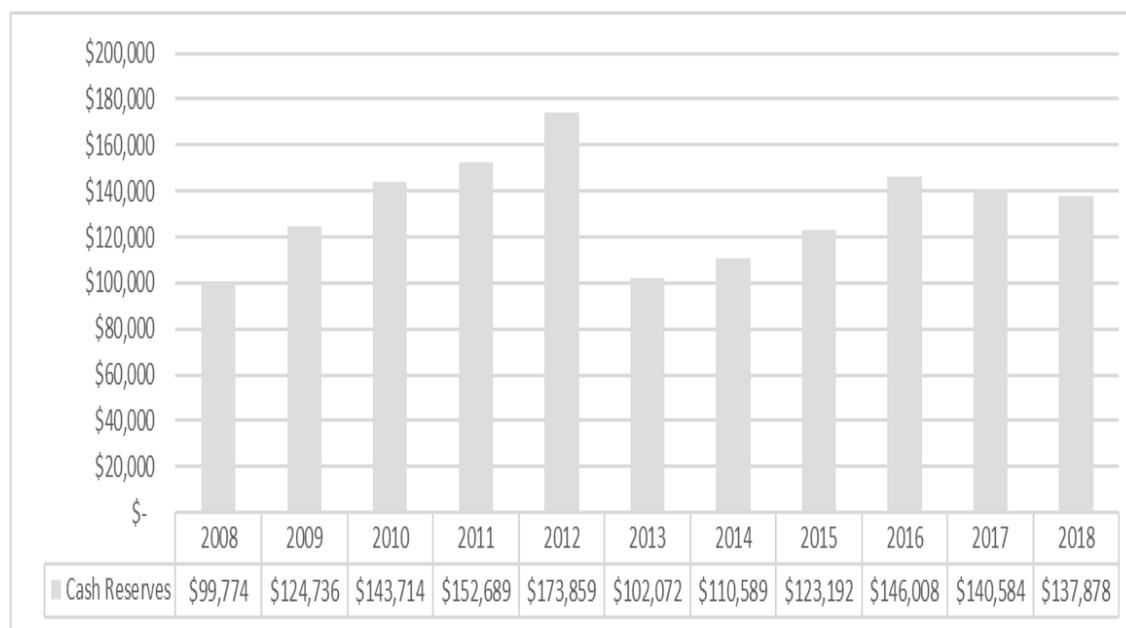
NPO leaders are vulnerable to fluctuations in revenue and expenses and are indicative of an NPO's poor financial health. MMH nonprofit business general cashflow from 2014-2018 (Figure 19).



*Figure 19.* MMH nonprofit business general cashflow from 2014-2018.

**Capital structure.** Capital structure is a gauge that testifies for the level of financial risk. Prentice (2016a) explored the organizational and environmental factors that affect nonprofit financial health. Considering the efficiency of nonprofit entities from the donor perspective, it is important the way the leaders uses resources of the nonprofit business and by using effectively within the context of the risk. Calabrese (2011) and Michalski, et al. (2018) analyzed the static trade-off and pecking order capital structure theories and applied them to non-profits to examined how nonprofits leaders adjust their debt to equity relation over time. Grizzle et al. (2015) scrutinized organizational factors that impact the level of operating reserves in nonprofit entities and the association of operating reserves with organizational demographics and financial health variables. Grizzle et al. studied the relationship between non-profits' profitability and cash tied in operational activity.

Garcia-Rodriguez & Jegers (2017) explained that nonprofit entities are a kind of entity that is almost identical to for-profit businesses from the organizational side. Garcia-Rodriguez & Jegers suggested that such entities offer unpaid and paid products and services, and as nonprofit entities, they are allowed to generate even large revenues which are sufficient to cover the costs of realization of their mission, but nonprofit entities have no right to collect equity capital through stock issuing and have no stockholders. The main difference between nonprofit organizations and for-profit businesses is an economic calculation and the financial motivation of the staff, capital providers, and the whole group of stakeholders. MMH 's months of cash available for 2008-2018 (Figure 20).



*Figure 20.* MMH organization's months of cash available (operating reserves) for 2008-2018.

Rahman, Belas, Kliestik, and Tyll (2017) claimed that increased financial pressures on nonprofit entities had elevated the importance of working capital

management. Rahman et al. argued that efficient working capital management allows non-profit entities to reduce their holdings of current assets and that cash inflows can be used to reduce borrowing. Garcia-Rodriguez & Jegers (2017) examined the relationship between non-profit entity profitability and their performance at managing accounts payable. Furthermore, Rahman et al. analyzed that relationship between nonprofit entity performance at managing the revenue sequence and their profitability and ability to build equity capital.

**Administrative expense (cost) ratio and efficiency.** Benchmark for measuring the efficiency of NPO leaders are widely used, such as the overhead cost ratio, consisting of the total expenses on administration and fundraising relative to the budget. Typically, donors favor low overhead cost ratio to ensure that the majority of funds are to reach beneficiaries directly. Administrative costs do not contribute to the goodwill of the leaders of the company by advertising, unlike fundraising expense even though they account for a significant proportion of the overhead cost. Although it may seem logical to reduce administrative expenses from the leader's financial viewpoint, it may negatively affect the NPOs management, resulting in an administrative capacity. The optimal level of administrative spending and transparency may result in increased utility for leaders of NPOs. Fluctuating donations are challenging for executives of NPOs' planning and may impact administrative capacities negatively. NPO leaders must balance the allocation of funds to accomplish goals and withstand the future inflow of donations, allowing the creation of future impact. Organizational boardroom members are associated with perceptions of board effectiveness in nonprofit organizations (Van Puyvelde, Brown,

Walker, & Tenuta, 2018). MMH organization administrative cost ratio for 2008-2018 (Figure 21).

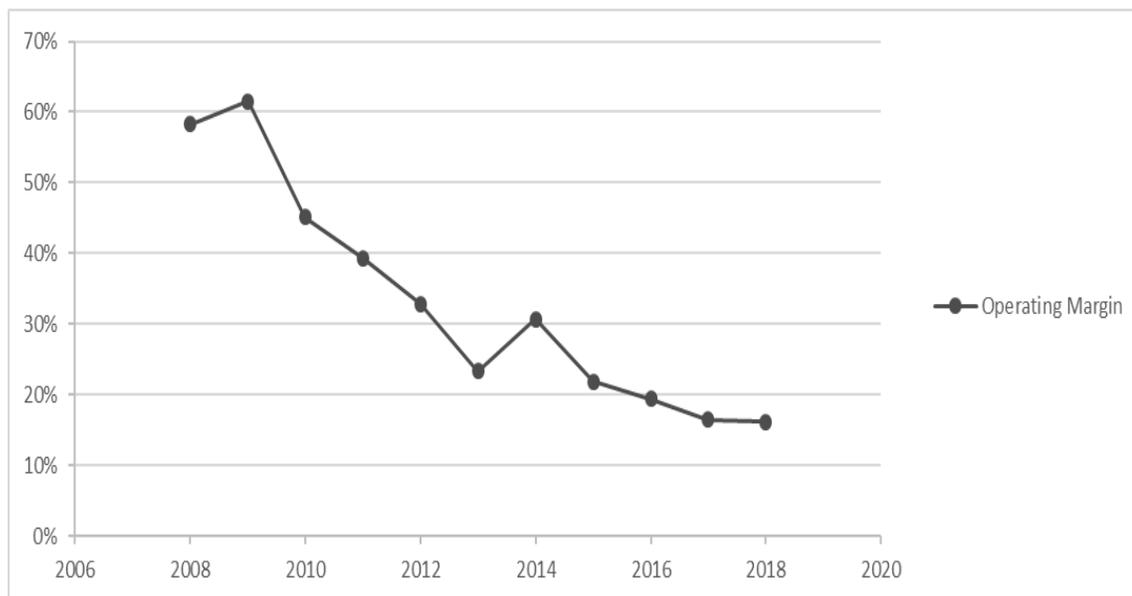


Figure 21. MMH organization administrative cost ratio (administrative costs / total expenses) for 2008-2018.

Burkart, Wakolbinger, and Toyasaki (2018) delineated that reducing administrative expenses is a logical consequence from a financial viewpoint but might negatively affect nonprofits through the resulting administrative capacities. Burkart et al. summarised that easily accessible and widely used benchmark is the ratio overhead costs relative to total expenses from publicly extracted financials.

**Market comparison.** The market in which MMH organization functions encompasses an entire state which has vast funding difference from county to county. Human service organizations face the most challenges. The county that MMH nonprofit exist leaders expense stagnation. Differing economic conditions exist within this geographic spread of the state. MMH organizational leaders recognized workforce wage

as a potential retention challenge or to attract new staff. The primary funding source for the MMH nonprofit business is institutional and local grants. Nonprofit board of directors has the primary responsibility of organizational governance, including financial management and oversight. Board of directors needs insight into financial statements regularly to address organizational oversight.

### **Key Themes**

During the examination process of organization MMH, four themes emerged; process strengths, process opportunities, result in strengths and results in opportunities. The process strengths and process opportunities derived from categories 1-6 of the 2017-2018 Baldrige Excellence Framework. The results strength and results opportunities are resultant from category 7 of the 2017-2018 Baldrige Excellence Framework. The Baldrige Performance Excellence Framework (2017) identified the following four factors to evaluate processes: (1) approach, (2) deployment, (3) learning, and (4) integration.

**Process strengths.** Processes are the procedures that the MMH nonprofit business leadership and staff use that are enhanced processes. The organizational mission is central to the formation of all services, communication, decisions, activities, processes, and measurements. Process strengths were an essential aspect for nonprofit leaders to consider and for the development of sustainable strategies for funding sources. Staff alignment with the organizational mission is essential for higher organizational performance with little or no resistance within the organization. Process strengths for MMH nonprofit leaders included productive workforce, stakeholders, and partnerships and leveraging relationships to maintain retention. MMH business leaders

select community partners, grantees and funding sources, and suppliers that support and align with the organizational mission.

MMH nonprofit business leaders recognized the need to develop system and procedural processes to meet new organizational direction and aggressive strategic objectives. Strategy development and implementation is a holistic organizational effort — workforce involvement in an essential component in the implementation of the strategic initiatives. Specific procedural processes were executed to increase staff capability and build a workforce and organizational capacity.

The first theme to emerge was sustainable and strategic planning. The second process strength theme is purpose and passion the leaders and staff have to execute the organizational mission to provide all families hope about their future and support services for single women with young children in crisis. The nonprofit business leaders and staff used the strategic and sustainability plan as their overall action plan. The contents of the plan included the MMH organization's vision; mission, primary objective, and goals; and tactical strategies. The sense of purpose, passion, and belief allows momentum change to occur, fueling a financial turnaround. The third theme was the continued communication strategies that focus on existing key champions, strategic partners, and other stakeholders who are not yet fully engaged but who share common goals. MMH organizational leaders have identified the following goals related to communication efforts: (1) increased funding to support organizational operations, (2) brand development leading to recognition of the nonprofit, (3) Increase partnerships to affect greater change for the communities the nonprofit leaders serve. The fourth process strength theme is the leaders

use of data analytics results obtained from technology and surveys to increase efficiency and provide better services to their clients. The fifth process strength theme was the accessibility of leaders to the rest of the staff offers and the utilization of board of directors and volunteers. The core staff of the nonprofit business is small, only 11 employees. The executive director is available to all staff officers, to include during the weekly staff meeting that allows all staff to exchange information about their tasks with leadership and other staff. The process strengths that emerged are vital to the nonprofit business becoming sustainable and diverse revenue streams. The leaders of MMH nonprofit business have developed multiple revenue streams allowing the organization to become sustainable and resilient to the volatile nonprofit market environments. Hung and Hager (2018) elucidated that diversified revenue streams would create sustainability and constancy against the uncertainty of the economy and aid in the resilience against the increasingly volatile nonprofit environment.

**Process opportunities.** The second emerging theme is processed opportunities. The enhanced formal procedural and technological developments and enhancements are essential for the continued expansion of organizational and staff capabilities. The four process opportunities for MMH nonprofit business include (1) developing formal written procedural procedures for repeatable processes and procedures across the organization, (2) developing a process improvement strategy, (3) contingency planning, and (4) increasing transparency and governance. The executive director is working on standard operating procedures manual, that is yet to formalize within the organization. Reorganization processes and ensuring continuity reduce costs on turnover, reduces

redundancy, and increase funds for mission-related activities. The continued advancement of technology systems and processes provides a solid foundation for improved and future efficiencies, which have the potential to enhance the workforce and client experiences. Also, there is not a formal succession planning process within the organization or identified as a strategic initiative. The development of a formal succession planning process improves ongoing workforce capabilities through continued workforce development, which is a vital strategic initiative. Leaders can use the succession planning process to identify potential gaps in skills and knowledge, as well as protect against loss of productivity in the event of personal loss. An effective succession plan is particularly critical for executive-level leaders. Without proper preparation, the loss of executive leadership has the potential to derail organizational direction and strategy, thereby, placing the achievement of the organizational mission at risk. Process opportunity exists for improvement for nonprofit leaders to use continuous improvement that may yield more significant results. Leaders of MMH nonprofit often mentioned a lack of funds as an ongoing issue. However, adhering budget processes may help the short and long-term success of MMH business.

**Results strengths.** The three themes emerged, the first results strengths theme of MMH nonprofit business is fiscal management. Financial management of the nonprofit business has improved under the executive director. Currently, leaders monitor and control operational costs and the quality of services diligently. MMH organization leaders carry strict spending policies and seek to source donations for resources. The nonprofit leadership has taken measures to increase individual donations, maintain net gains, higher

liquidity, increased operating margin, increased revenue, lower administrative expenses, and increased revenue diversified portfolio. The leaders are continually looking for ways to provide services to an underserved community. MMH nonprofit business leaders provide resources and services that are grant funded and mission-focused. Second results strengths theme of MMH nonprofit business is program is the relocation of the thrift shop. The relocation to the exposed foot traffic area is expected to generate additional revenue as well as provide service to the community. Nonprofit business leaders work effectively, are progressive thinkers, and use various leadership skills to successfully MMH organization. Third results strengths theme of MMH nonprofit business is service trends. The leaders of nonprofit business also have an evidence-based understanding of the needs of the local community and its clients and create programs that are adaptable to changing the environment. Senior leaders recognize trends, cater to a local specific community, concentrate on creating diversity within their clients, and continuously analyze potential opportunities to serve. The leaders of MMH nonprofit business dedicate considerable effort to gathering data from walk-in distressed clients, fundraising participants, volunteers, staff, and collaborators. All the three results strengths work holistically with the leaders to ensure the MMH nonprofit's sustainability and viability of the organization. The collaboration of external partnerships and non-grant funding sources strengthens the organizational financial position and allows for more access to services for single mothers with young children.

Data results in Baldrige categories are the outputs and outcomes the organization achieve, addressed in the requirements in (1) product and services, (2) workforce, (3)

customer, (4) leadership and governance, and (5) financial and market (Baldrige Performance Excellence Framework, 2017). Baldrige categories showed that the strength of the MMH nonprofit business rested in the senior leadership. The MMH nonprofit's MVV, core competency, and values reflected the decision-making and communication among leaders and participants, customers, the workforce, stakeholders, and collaborators.

**Results opportunities.** The third theme that emerged resulted in opportunities. The benefits outcomes gained through the six results opportunities include (1) metrics for donor attrition and retention, (2) develop and upgrade the technology data management system, (3) increasing organizational capacity, (4) formalizing employee handbook, (5) leaders conducting surveys to yield additional information to reinforce provide additional services (6) establishing performance measures. MMH nonprofit business leaders are systematically addressing strategic and sustainability plan objectives. Leaders continue to focus on developing processes to identify strategic objectives continue to improve and enhance organizational measurements and metrics. The use of technology solutions would enable leaders to continue to extend of data analyzed to better decision making. Leaders if MMH is developing new funding strategies and sources to supplement grant funding that is the primary source of funding. Additional funding sources from individual donors by using building a donor base. Volunteers are engaged in limited circumstances and are not a significant part of the MMH nonprofit workforce. Expanding the donor base with individual donors requires additional resources, which provides additional opportunities for volunteer participation, which could ease pressure on the paid staff

allowing for the development of additional staff and organizational capability and capacity. MMH organizational leaders need to reevaluate the donor care process for better retention and attrition.

### **Project Summary**

Nonprofit organizations constitute a critical component of social service delivery to communities. McKeever (2015) highlighted that between 2003-2013, the number of nonprofits registered with the IRS grew up to 2.8 percent, increasing the total number from 1.38 million to 1.41 million in the US. However, NPOs face a myriad of challenges in establishing and maintaining financial sustainability. Bennett (2016) argued that 6,676 new charities registered in 2010, consequent 6,303 were deceased. Based on Bennett posited that large numbers of new charities are established each year in Britain but subsequently most fail. Also, Khodakarami et al. (2015) described that although the growth of public charities between 1999 -2009 was 59% and in the US, growth was 54%, growth of donations was relatively stagnating. Financial strength allows nonprofit leaders to make decisions that maximize the ability to achieve mission-related goals. Nonprofit leaders that experience financial challenges hinder efforts to promote social change and development. Nonprofits business leaders are not prioritizing liquidity—an essential component to weather any funding disruptions (Despard, Nafziger-Mayegun, Adjabeng, & Ansong, 2017). Hung and Hager (2018) discussed that nonprofit leaders need to diversify revenue sources to hedge against uncertainty. Continuing, Hung and Hager stated that nonprofit leaders that rely exclusively on grants or a limited number of sources leave organizations them vulnerable. Tuckman and Chang (1991) explained that

financially healthy nonprofit businesses equipped with adequate equity balances, diversified revenue sources, sufficient administrative allocations, and positive operating margins. Additional revenue sources, such as private sector, primarily individual donors' corporations, and private foundations—philanthropic organizations provide flexibility to withstand financial shocks and expand financial capacity.

Revenue diversification is one adaptive response to NPO leaders' challenges (Despard et al., 2017). Nonprofit organizations that equipped with four or more types of revenue was associated with 87% lower probability of financial vulnerability compared to having one type of revenue (Hung & Hager, 2018). Carroll and Stater (2009) iterated that revenue diversification is associated with greater financial stability among NPOs in the US. Based on financial portfolio theory, it was suggested that the level of revenue diversification has a positive effect on their financial condition—measured through total revenues, break even, profit, and investments. Wicker and Breuer (2014) posited that nonprofit organizations with greater revenue diversification were more likely to issue debt but did not necessarily have higher debt ratios. Mendoza-Abarca and Gras (2019) suggested that revenue diversification provides benefits that are comparable to those provided by product diversification, such as a variety of revenue sources exposed the organization to multiple economic actors, which contributes to community support and business legitimacy. Financial instability among nonprofits may arise from fluctuations in the availability of funding sources as such specified the costs associated with product diversification, NPOs pursuing a diversified strategy could greatly benefit from the financial reserves of a diversified revenue mix (Mendoza-Abarca & Gras, 2019).

In this study, I focused on the financial diversification strategies that MMH nonprofit business leaders use to expand funding sources to create sustainability now and in the future. The participants in this study provided valuable information about how they reflect their perception of the use of various actions associated with the tasks contained in the organization's sustainability plan. The results of this data gathered provided evidence of knowledge of leadership on aspects of Baldrige criteria—leadership, strategy, customers, measurement, analysis, knowledge management, workforce, operations, and organizational results for an NPO located in the western California of the United States. The strategies of revenue diversification and expanding revenue from a diversified portfolio along with enablers identified to revenue diversification provided in this study might enable NPO executives from comparable nonprofits to benefit the local communities through continued mission fulfillment by becoming more financially diverse and sustainable. In summary, financial risk differs significantly among nonprofit organizations and is contingent upon organizational and financial characteristics. The research suggests that nonprofit financial risk can be controlled through proactive strategies to manage financial resources and improve an organization's financial strength.

### **Recommendations for Action**

Throughout this single-case study, I found several positive elements, evidence-based themes, and results related to the leaders of MMH nonprofit and three results strengths themes. This study also provided the opportunity for MMH nonprofit business leaders as with any organization to improve. Recommended strategy implementation could maximize community presence, share lessons learned, and expand funding sources

that would help increase the ability to accomplishing the mission of the organization. I based these opportunities on a systematic approach to improvement for the business. The four process opportunities include (a) developing formal written procedural procedures for repeatable processes and procedures across the organization, (b) developing a process improvement strategy, (c) contingency planning, and (d) increasing transparency and governance. Mendoza-Abarca and Gras (2019) argued that organizations with high and low revenue diversification derive survival benefits from diversification opportunities; the relationship is significantly stronger for those organizations with high revenue diversification. More so, Mendoza-Abarca and Gras claimed that their research finding supported that organizations that pursue both product, services, and revenue diversification have the lowest hazard of failure. The six results opportunities include (a) metrics for donor attrition and retention, (b) develop and upgrade a technology data management system, (c) increasing organizational capacity, (d) written down employee handbook, (e) leaders are conducting surveys to yield additional information to reinforce and provide additional services, (f) establishing performance measures.

**Process opportunities.** Process opportunities are areas that the MMH leaders can improve upon to execute the organization's mission better and to ultimately help crisis hit single women with young children.

*Develop formal written procedural procedures for repeatable processes and procedures across the organization.* Conceptualization of workflow formalization that helps reconcile the contrasting assessments of bureaucracy as alienating to the workforce or as enabling them to perform their tasks better. It is essential to develop formal written

procedural procedures for repeatable processes and procedures across the organization. Formalization-enabling and coercive organizational, procedural, and procedures maintain the quality of service and better management of the organization. Workflow formalization by the leaders of the organization enables the workforce to better to master their tasks or functions as a means by which management attempts to coerce employees' effort and compliance.

The vital is to move to integrated approaches with the maturing process of an organization by the leaders. Before early systematic approaches, is the leader that operates by activities rather than by processes, are mainly responsive to immediate needs or problems and have poorly defined goals (Baldrige Performance Excellence Framework, 2017). Based on interviews and document research, MMH nonprofit business leaders are beyond reacting to problems. Based on the interviews and research, I characterize the MMH nonprofit business leaders by a blend of early systematic approaches, aligned approaches, and integrated approaches. I used repeatable and regularly changes and improvements in evaluated processes.

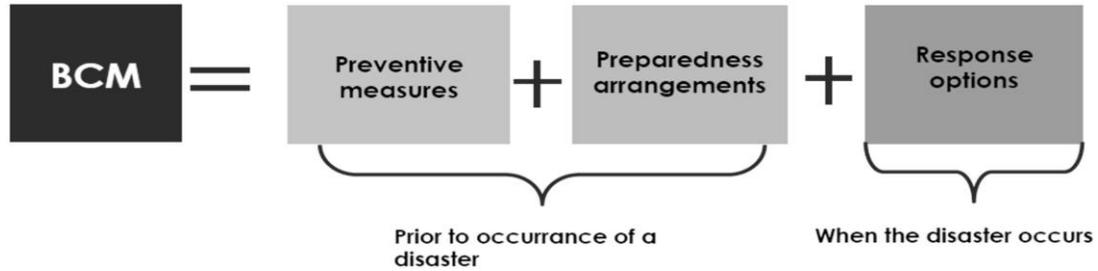
***Developing a process improvement strategy.*** Repeatable processes are essential but regularly changed, and improvement evaluated processes. Sustainability is a holistic and the ability to create lasting improvements in for an extended period of time despite ongoing changes in funding sources, program models, service providers, community demographics, and other factors. Indefinitely perpetuating process is inadequate to continues improvements. Flexibility is essential to change strategies, services, systems over time without losing sight of the results sought. Leaders need agile processes as the

communities change over time; the demand for services may grow or shrink — new, more effective approaches to providing services may be discovered and implemented. Changes are also certain to occur in sources of funding, public policies, and other forces that affect the initiatives.

The long-term sustainability is about ensuring that the positive results that the initiative achieves for children and families continued for years to come despite all the changes that are occurring in the environment in which the initiative is operating. Leaders might use process improvement strategies to expand or create new or more effective services and programs to target a broader range of clients, create and implement efficient processes, become a resilient organization, make better use of funds, and develop innovative problem-solving approaches. Also, process improvement involves creating and implementing metrics to know where the organizational leaders are at in executing the organization's mission fulfillment. The outcome of process improvement would result in the streamline of processes, less waste, increase satisfaction, and engage the workforce, increase productivity, gaining a holistic approach, and deeper understanding of the organizational. Process improvements are a series of small changes that result in systematic changes.

***Contingency planning.*** Progressively, business leaders are embracing sustainability imperative to maintain a competitive advantage (Torabi, Giahi, & Sahebjamnia, 2016). Business continuity is designed to reduce the consequences of risk and provide resilience during a crisis (Hosseini, Barker, & Ramirez-Marquez, 2016). Action plans are not only strategies; leaders execute goals and objectives that may

support the execution of the strategic goals. Torabi, Giahi, & Sahebjamnia delineated that organizational leaders must confront and address when an unexpected event disrupts the normal operations of a business to efficiently manage a business when faced with a specific type of disruption and addressing each issue to minimize the impact of the interruption on business continuity and performance levels. Business contingency planning enables organizations to improve their resilience in order to cope with the identified disruptions. Organizational leaders need a proactive approach equipped with a decision support framework to protect themselves against the outcomes of disruptive events. Sahebjamnia, Torabi, and Mansouri (2015) contended that every organization, large or small, despite sector should have a leader-lead contingency plan in case of a human-made, or natural disaster closes the organization's operations. Kato and Charoenrat (2018) noted that their study revealed that a substantial degree of Thai small business enterprises (SME) disaster experience, it shows a low level of preparedness for business continuity, including a failure to develop a written contingency plan (Figure 22). Kato and Charoenrat explained that planning for disasters poses a paradox for organizations since they are encouraged to plan for events that they do not foresee, and hope does not occur even though there is an often-recognized probability of such occurrence.



*Figure 22-Business Continuity Management, by Kato and Charoenrat (2018), International Journal of Disaster Risk Reduction, 27, pp. 577-587. Copyright 2017 by the Authors and Elsevier Ltd. Adapted with permission of the author.*

According to Păunescu, Popescu, and Blid (2018), business leaders are progressively considered developing contingency plans in response to complex uncertainty in order for organizations to become successful. Contingency planning requires the attention of many stakeholders within the organization to the wide range of descriptions which impact the organizational and performance.

***Increasing transparency and governance.*** Harris and Neely (2018) expressed that their research found evidence consistent with organizations that have stronger governance, accountability, trust, fairness, and legitimacy, efficiency, and more professional staff associated with greater transparency. Also, Harris and Neely found that organizations that are reliant on contributions and require public disclosure of their audited account statements are also more transparent. Research supported the assertion that transparency in the nonprofit sector is value added to crucial stakeholders (Harris & Neely, 2018). Dissemination of information about nonprofit services to society is a crucial element of transparency, as they operate within an environment of public trust (Cabedo, Fuertes-Fuertes, Maset-LLaudes, & Tirado-Beltrán, 2018). Becker (2018) highlighted that voluntary accountability by nonprofit organizational leaders seeks to

ensure organizational adherence to financial and ethical standards beyond legal regulations, thereby sending signals of quality and trustworthiness. I propose that MMH leaders update all accounting and program related services and enroll in GuideStar transparency recognition program as well as publish information on other social media, websites or other national sites that provide national average and data analyses.

**Results opportunities.** Results opportunities are outcomes that the MMH leaders can improve upon to execute the organization's mission better and to ultimately help crisis hit families and to offer service offerings to the community.

***Metrics for donor attrition and retention.*** Understanding of donor metrics is essential to increase donor care and for retention. Dobrai and Farkas (2016) argued that majority of nonprofit business leaders do not possess for-profit business strategies and are unfamiliar with capitalizing on streamlining business operations, supplying donors with performance measurement outcomes, or treating donors like investors in the organization. Using metrics to monitor donor relationship is essential to the success of all nonprofit. MMH organizational leaders' access that the majority of the revenue streams are from institutional and individual donors. I propose to the monitor and set up metrics to monitor the donor care systems to track the relationship all the donors and add potential donors that can attract in the future. Criteria for the metrics could be as a) relationship progress, b) frequency of donations, c) amounts of donations, d) key reasons they are giving, e) family information, and f) prospecting donors. Ramanath (2016) acknowledged that the main reason for donor attrition is lack of consideration is a poor record in relationship-building. According to Khodakarami et al. (2015), small improvements in

the level of donor attrition have profoundly impacted the expansion of profitable in fundraising. Donor relationship building is essential for nonprofit leaders to meet the heirs and help introduce the mission and the impact on the community. By monitoring the metrics of donor attrition and retention, frequency patterns of donors can monitor, and any changes can address to recapture their interest in the mission quickly. The donors that do not want to support the nonprofit mission or administration, a donor could provide valuable information about the frequency disruption. MMH leaders can use the metrics to fix problems and hedge against further donor attrition. Donor stewardship that aligned with the organizational mission would also contribute their time, talent, contributions, and help establish ties to the organization. MMH leaders may find beneficial for organizational leaders to continue communicating with both donors and participants to discover social issues that impact single mothers with young children and their community. Raina & Roebuck (2016) highlighted that implementing organizational communication strategies would assist with organizational effectiveness.

*Develop and upgrade the technology data management system.* Researchers, Bopp, Harmon, and Volda (2017) have identified several benefits of using technology systems for data-driven practices, optimize production and manufacturing, reductions in customer attrition, reductions in data redundancy, facilitation of new genres of questions by end-users, increased profitability, and the creation of competitive advantage. Also, Bopp, Harmon, and Volda (2017) stated that these tools leverage for data-driven decision making; which improve performance, productivity, and effectiveness. Rathi and Given (2017) delineated that technology not only helped to reduce barriers but also provides

practical ways to capture, organize, and disseminate knowledge. Also, Rathi and Given argued that cloud computing-based technological solutions, particularly low-cost/no-cost tools, are emerging as technological options for NPOs to meet their needs for knowledge management practices. However, Bopp et al. characterized that due to resources and expertise constraints, charitable work within the myriad of challenges, information management systems—enterprise or custom databases. Insofar, MMH nonprofit leaders are able to also use utilize Google nonprofit management resources suite to help the organization to tackle challenges with information technology and automation. MMH leaders can use the Google nonprofit platform to utilize resources to spread the organizational mission and add supporters for its suitability. Nonprofit leaders can employ Google suite of application that consists of communication application (corporate Gmail) for collaboration, Ad grants to help add donors online, YouTube to engage with supports, Google Earth and Maps to share the impact of the nonprofit within the community, and donor tools to manage fundraising efforts.

***Increasing organizational capacity.*** Fine, Raynor, Mowles, and Deept (2017) delineated that changes in the global sociopolitical environment require nonprofit to be nimble in maximizing opportunities to mission fulfillment. Complementary to this, Fine et al. contended that grantmakers are establishing ambitious goals that often require grantees to function at peak capacity. Tuckman and Chang (1991) classified that organizational capacity into six dimensions: financial capacity, human resource capacity, technical capacity, administrative capacity, political capacity, and network capacity. Financial capacity is an essential capacity to undertake measurements. Lee and Clerkin

(2017) surveyed that nonprofits leaders did not conduct evaluations and revealed that about half of the respondents do not evaluate theirs due to financial constraints. Nonprofit leaders should develop performance measurements and employ staff or train existing staff to monitor appropriate performance when enough financial resources are available. Strengthening the leadership and operations of the organizations by its management would support to increase their potential impact. According to Zhang et al., (2017) emphasized on capacity building increases the ability of a business to respond effectively to change by enabling its staff with the skills and tools needed to identify and resolve problems over time. Also, Zhang et al. argued that the nonprofit sector as a catalyst for change and a process for serving societal needs, but most of the nonprofit are saddled with substantial capacity challenges as they are structurally fragile. Therefore, nonprofit leaders must also develop the organizational capacity for change to maintain sustainability. Leaders of nonprofit systematically try to develop organizational capacity by recruiting, retaining, and developing staff to increase knowledge capital and to use their experience to successfully develop and implement an organizational strategy for long term sustainability (Bozer, Levin, & Santora, 2017). Fluctuating revenue from donors is challenging for NPOs' planning and may impact administrative capacities negatively

***Formalize employee handbook.*** MMH nonprofit business leaders have not formalized an employee handbook. The employee handbook would include organizational procedures such as workplace practices, job expectations, career development, leave policies, benefits, and insurance and health policy, internal

communication policy, compensation and accounting procedures, building procedures, code of ethics, client care, safe codes, open-door policy, and newly developed policies and organizational processes. An employee handbook is a method to communicate the purpose and mission of the organization and the expected impact on the community.

***Leaders are conducting surveys to yield additional information to reinforce and provide additional services.*** Nonprofit organizational leaders should measure its progress in fulfilling its mission, its success in mobilizing its resources, and effectiveness of the staff in carrying out their tasks. Molini, Anguita, and Calvo-Moreno (2017) suggested that most nonprofit groups track their performance by metrics such as dollars raised, membership growth, several visitors, people served, and overhead costs. Molini et al. stated that measuring the success of an organization in achieving its mission is to invest in research to determine the activities impact to mitigate the problems or to promote the benefits that the mission involves. As well, Molini et al. expressed that to improve the performance of NPOs using surveys that are useful as it may help to increase their resources. Bixler, Zappone, Li, and Atshan (2018) explained that the survey might have been capable of increasing the number of donors that recommend the NGO and to measure it in the same survey. I recommend the MMH leader to use surveys to understand the needs of the client's services and additional services. Surveys also should be done with all stakeholders to get a better understanding. Leader of nonprofit could customize surveys to be done by existing and past donors. Donor referral is a useful tool in nonprofit leaders marketing toolbox. Leaders of nonprofit business leaders may benefit from building relationships with large key stakeholders and potential donors and further

improving communication with organizations in-person, through e-mail, or on social media platforms to build closer relationships required for sustainable donors.

*Establishing performance measures.* There is an increased emphasis on accountability in NPOs on performance measures on funding and competitive pressures. Performance measurement has increasing attention in the nonprofit sector by aid agencies, policy-makers, and donors. Authors, Denison, Wenli, & Butler (2019), and Lee and Clerkin (2017) accentuated the balanced use of performance metrics, only a limited number of nonprofits have adopted outcome measurement. Donors and grantors cannot readily obtain data about whether businesses use their funds in the way the donors intend or do so in the most efficient way (Lee & Clerkin, 2017). Burkart et al. (2018) discovered that focusing on financial performance measurements can result in reduced utility created for NPOs. Also, Burkart et al. showed that less transparency often leads to the increased utility for nonprofits, but adequate transparency can increase NPOs' utility if the information available exceeds a specific limitation. Tools such as benchmarks can assess the performance of an NPO, well suited to support the decision-making process of the donor.

## Section 4: Executive Summary of Key Themes

### **Project Summary**

The purpose of this qualitative single-case study was to explore revenue diversification strategies that nonprofit senior executives could use to expand funding sources to increase sustainability and reduce volatility. As a participant in Walden University's consulting capstone program, I worked with an assigned nonprofit client organization. In this study, I researched and reviewed external information and internal information of my client, MMH. The population for this study consisted of three executives of a nonprofit in western California of the United States who had successfully implemented revenue diversification strategies to increase income sources. The study population consisted of three directors, including the (a) chairman of the board, (b) executive director, (c) board director and secretary.

The results reflected participants' perceptions of Baldrige criteria (a) leadership, (b) strategy (c) customers; (d) analysis, measurement, and knowledge management; (e) workforce; (f) operations, and (g) business results for a nonprofit. Nonprofit leaders who read this single-case study may benefit from strategies identified and recommendations for nonprofit business leaders who want to expand revenue streams, thus increasing their financial stability, resilience, capacity, health, and ability as leaders to increase services offering for their constituents while decreasing their financial vulnerability, reducing fund shortages, and volatility. Also, this study may benefit nonprofit and other business by improving sustainability and improving workforce capability.

## **Contributions and Recommendations**

### **Implications for Social Change**

This single-case study has implications for positive social change. It has the potential to give nonprofit leaders insight into developing and implementing strategies to reduce financial shortages and volatility for evolving organizational sustainability to enhance, expand, and maintain services offering to the communities and the society they serve. Models of effective strategies and procedures could help leaders of nonprofit to cultivate income sources for business sustainability (Ceptureanu et al., 2018; Lin & Wang, 2016); which can increase a leaders' ability to improve or expand community services offerings and create social benefit. Communities and local society could benefit from the evidence that supports the use of revenue diversification strategies.

Frumkin and Keating (2011) noted that diversifying revenue sources help nonprofit organizational leaders to avoid the volatility and uncertainty of dependence on a limited number of funding sources. The strategies of revenue diversification could enable nonprofit leaders to achieve mission fulfillment while being less likely to restrain services offerings or face nonprofit closure than leaders who face disruption. Grizzle et al. (2015) postulated that with an increase in revenue diversity, business becomes less income vulnerable and thus forego increasing reserves in favor of pursuing programmatic goals. By implementing income diversification strategies to increase revenue sources, nonprofit leaders may increase financial capacity and cultivate financial resilience while decreasing financial vulnerability and volatility.

The trend of revenue diversification, based on the portfolio theory, has far-reaching implication for nonprofit organizational leaders that change to survive. Leaders embark on strategies that intentionally transform the organizations to meet the challenges of the changing economic environment. Revenue diversification increased viability for leaders of nonprofit businesses. Chang and Tuckman's (1994) discovered that organizations with highly diversified revenue sources are financially healthier and hypothesized that there is an optimistic correlation between the diversification of funding and total revenue.

### **Research Recommendations**

I recommend future researchers to gain experience from multiple nonprofit leaders by using a multiple-case study or quantitative study using multiple nonprofits overcoming a key limitation of this single-case study from western California of the United States. I based the research on diversification of revenue for nonprofit leaders using Baldrige Performance Excellence Framework for this single-case study. Researchers conducting similar studies in the future may want to use a different conceptual framework as a lens for qualitative and quantitative research methods to identify strategies for expanding revenue sources. Researchers could replicate this research in nonprofit organizations with different stages of age, size, and different economic base. The findings, assumptions, and limitations identified from this qualitative single-case study may provide information that indicates similar conclusions gained if a researcher used a larger population. Drawing from the modern portfolio theory and literature, I used a theoretical framework to explain how the effect of revenue

diversification on revenue volatility of sub-national governments varies in terms of its economic base instability. Also, this research study may benefit nonprofit and for-profit organizational leaders seeking a systematic approach to business improvement through the use of the Baldrige Performance Excellence Framework.

The results of this study, when disseminated within the academic and professional community through the academic literature, training workshops, and conferences may provide leaders with suggested strategies to support revenue diversification. Revenue diversification embraced by nonprofit leaders seeking a systematic approach to increase financial health and reduce risk of volatility in funding, avoid dependence on single source revenue streams, and identify opportunities to increase flexibility, autonomy in support of organizational objectives and goals to increase service offerings. Future research can focus on engagement factors in-depth by exploring revenue diversification and increase income to support program delivery in nonprofit organizations. Researchers conducting extent of diversification could be influenced by organizational size, whether the organization is a relatively new organization or one with a long history and track record, and whether its mandate has a broad or narrow appeal.

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### Appendix A: Interview Protocol (Research Question)

Introduction Script: Thank you for your time. Per the conversation I had with you over the phone and the e-mail I sent to you, I am a Doctor of Business Administration student at Walden University. The purpose of this interview is to explore the strategies nonprofit senior executives in revenue diversification for increase income sources. Your participation is important in this study to help understand the sustainability implications of volunteer engagement in nonprofit organizations. Your participation is voluntary so if I ask a question you do not want to answer, if you want to stop the interview at any time or want to withdraw from the study at any time let me know. I took notes during the interview and audio tape to make sure I capture exactly what you say. Once I transcribe the audio taping and notes, I scheduled time with you to review my interpretations for accuracy.

1. I will turn on the audio recording device, note the date and time.
2. I will introduce the participant to his or her pseudonym name (i.e., Participant1, Participant 2, Participant 3, Participant 4, Participant 5).
3. I will begin the interview.
4. I will start with question number one and follow through to the final wrap-up question.
5. I will continue with targeted follow-up questions if time permits.
6. I will end the interview process and thank the participant for his or her time.

7. I will reiterate the member checking process and confirm the contact information for the participants.
8. I will convey my contact information for follow-up questions and any concerns from the participants.
9. The interview protocol ends.

## Appendix B: Interview Protocol (Baldrige Questions)

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

**Purpose:** Over a period of 40 weeks, based on interviews and continual member-checking, develop the Organizational Profile for MMH Organization 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 senior leaders 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 senior leaders 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 Ganga Kosala Heengama. First 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 revenue diversification strategies that you, as

an executive of MMH organization, 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 senior leaders 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 senior leaders 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.

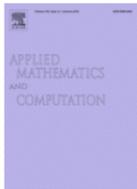
14. I will reiterate my contact information for follow-up questions and any concerns from the participant SL.
15. I will set an initial follow-up date for the member-checking.
16. I will turn off the digital audio-recorders.
17. The interview protocol ends.

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