Financial Impact of Nonprofit Organizational Change

Do organizational changes improve nonprofit financial performance, especially in the wake of sector-wide financial challenges?

In a population of 152 large, internationally active nonprofits over 15 years, changes were frequent ►

Type of Change	#
Fiscal Year	37
Name	19
City/Address	53
Mission Language	302
Mission Substance	146
New Program (Strategy)	365
New Priority (Strategy)	316
Executive Director/CEO	218
Board Chair	447
Deficit	796
Total Observations	2253

Analysis of data with GLS reveal some evidence of short term revenue gains after **structure** changes, and no or conflicting evidence of gains after changes in **leadership**, **mission**, or **strategy**▼

Statistically Significant Factors Correlated with Current Year Revenues		
Independent Variables	**Direction**	**Interpretation**
Prior revenue	+	Accounts for size of organization and revenue baseline
Prior revenue change	-	Oscillation between periods of revenue growth and decline
Age	+	Stability of organization's funding
Prior net assets	-	Size of organization and perception of 'sitting on cash‘
Prior deficit	+	Oscillation pattern, timing, and urgent appeals
Prior largest program expense	-	Risk of concentration on a single project Difficulty in accessing other opportunities
Recession	-	Revenues declined for entire sector, as expected
Prior fiscal year change	+	Strategy in setting new fiscal year start
Current address change	+	Generally requires funding availability or a capital campaign
Strategy change	+/-	Two measures of strategy change have opposing effects Might help explain insignificant results of leader and mission changes

Next steps:

•Expand analysis to test for medium and long-term changes in financial impacts following changes.

•Use two-step models to hold predictors of changes constant and then evaluate financial impacts from the changes.

David Berlan
Askew School of Public Administration & Policy
650 Bellamy Building
645-1914
dberlan@fsu.edu