

Nonprofit

Priorities

Benchmark

2021 Report



WIPELI



What's keeping you up at night? In January 2021, nonprofit leaders told Wipfli their biggest workplace concerns. Because they shared their time and insight so generously, we were able to create a snapshot of nonprofit challenges — the fourth annual Nonprofit Priorities Benchmark Report — and present tailored resources for the most pressing issues.

Thank you for participating in our research — and for the important work you do every day.

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Executive summary

Nonprofits are reporting a major side effect of the COVID-19 pandemic: **burnout**.

Living and working through a prolonged crisis has taken a toll on the organizations communities rely on most during times of need. In Wipfli's 2021 Nonprofit Challenges and Priorities Benchmark survey, nonprofits said employee engagement/burnout was the top challenge they'll face this year. Fundraising was their second concern, and recruitment/workforce ranked third.

To be clear: The pandemic didn't introduce these workforce issues. Workforce-related concerns have been rising dramatically the past four years. They were ranked as the leading challenge by:

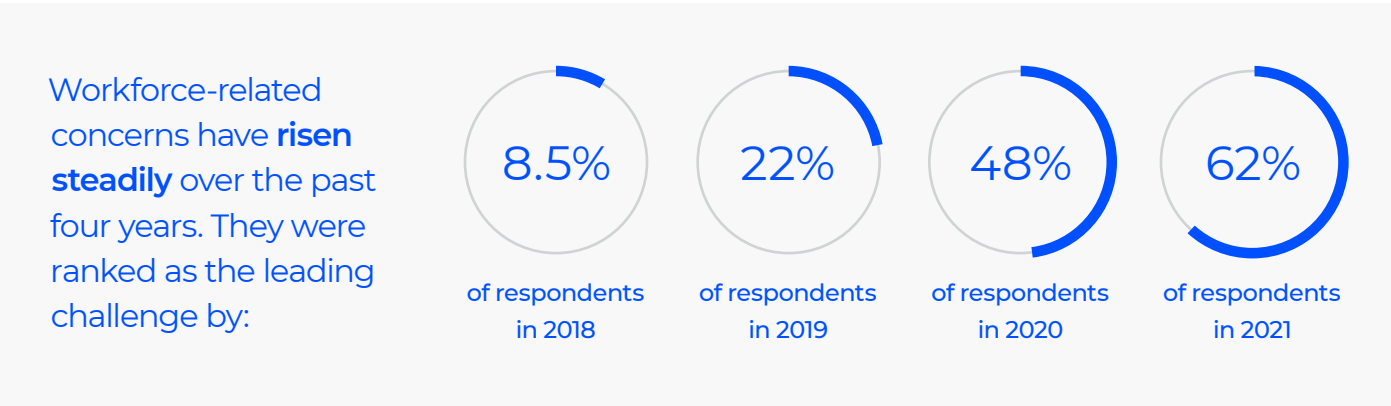
- 8.5% of respondents in 2018
- 22% of respondents in 2019
- 48% of respondents in 2020
- 62% of respondents in 2021

Even in normal times, nonprofits struggled to motivate, recruit and retain team members. But now, nonprofits have to engage employees – and constituents, donors and board members – in improvised work settings.

There's also good news: Nonprofits are natural problem-solvers. And they're not alone. Throughout this report, you'll find a summary of nonprofit challenges – and helpful resources to overcome them. Wipfli stands ready to support you.

The top three challenges nonprofits say they'll face this year:

- #1
Employee engagement/burnout
- #2
Fundraising
- #3
Recruitment/workforce



Key data

What are the top three challenges your organization is facing in the upcoming year?

Workforce-related issues are the predominant concern for nonprofits in 2021, marking the second year in a row that employee issues have topped the list. In 2021, employee engagement/burnout was the top concern overall, followed by fundraising and recruitment/workforce.

“Our desire is to retain or return our culture to its **pre-COVID state**, rather than revamp our culture overall.”

Employee engagement/burnout

Switching to remote work situations — or closing entirely for periods of time — heightened workplace challenges surrounding culture, engagement and morale. In the arts, many performance venues remain closed, while health and human services organizations have been overwhelmed by new demand. Both ends of the spectrum result in acute workforce challenges.

Fundraising

Federal and state assistance programs kept many nonprofits financially afloat in 2020, which means they haven't experienced full financial hardship from the pandemic yet. Earned income is down significantly in organizations that aren't operating at full capacity or able to fulfill contracts. Most nonprofits will need to develop new funding sources for 2021 in what is expected to be a challenging fundraising environment.

Recruitment/workforce

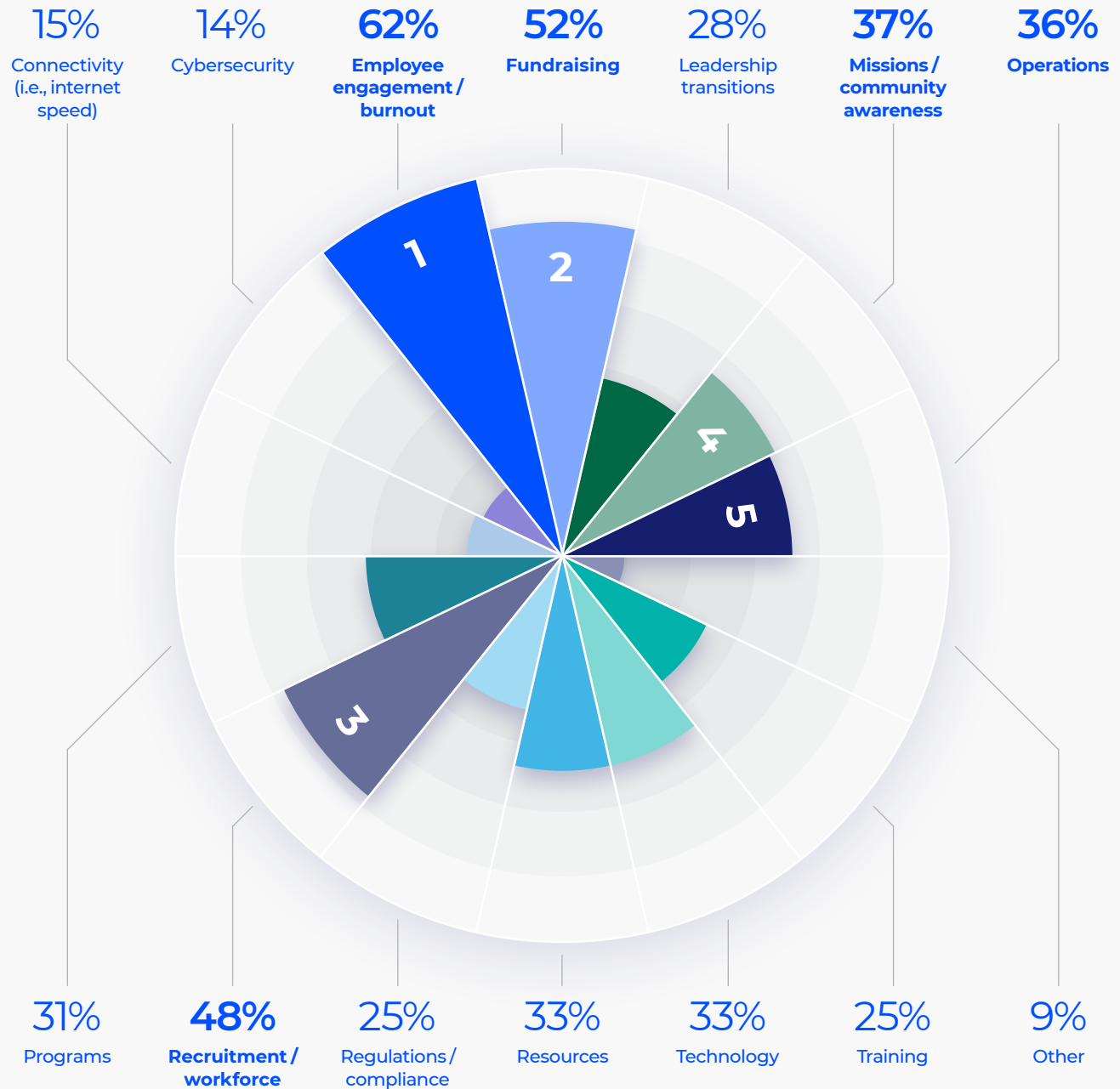
According to the Pew Research Center, twice as many baby boomers retired in 2020 than in 2019. Retirement was already at a steady clip then; about 10,000 boomers left the workforce every day in 2019. Without strong HR and recruitment functions, efficient onboarding programs and clear succession plans, nonprofits are racing to catch up in the race for talent.

The new normal

[Download the ultimate COVID-19 guide to reopening offices and securing your organization's future](#)

Key data

What are the top five challenges your organization is facing in the upcoming year?



Key data

Leadership and management development priorities/challenges

Wipfli asked nonprofits about their leadership and management priorities for 2021. They told us they were focused on improving communication, both inside the organization and in the community. Balancing employee safety with serving the community, employee engagement and workplace culture also ranked highly.

This year's top challenges have a direct correlation to the pandemic. "Improving communication" shot to the top because of restrictions on in-person gatherings, including work. Health and safety for employees became a new consideration for many leaders, especially those outside the health and safety sector.

"People are so stressed," one respondent wrote. "The transition to remote work happened rapidly, without time to plan or train staff on new technology." Other respondents explained how it's challenging to inspire and connect with staff and board members remotely.

"Our desire is to retain or return our culture to its pre-COVID state, rather than revamp our culture overall," a respondent said.

Organizations are also struggling to hire and onboard new employees in a remote-work environment — although many have been able to expand hiring beyond their geographic areas since they're no longer tied to physical spaces.

Meeting the leadership and management development challenges

It's time to reframe how nonprofits think about remote work, since it's likely to stick around. Major for-profit companies, from Microsoft to Deutsche Bank to Morgan Stanley, have said they plan to make remote work a permanent feature now that they've proven "able to operate without a footprint." To attract and retain top talent, nonprofits will need to consider remote work as a permanent workplace perk, too.

What are the top 5 leadership and management development priorities and/or challenges for the upcoming year?

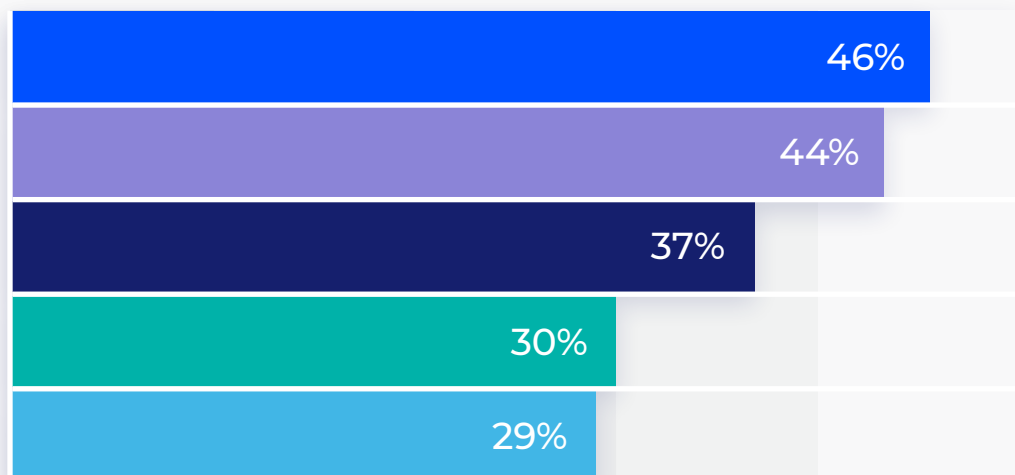
Improve communication within and outside the organization

Serving communities while keeping employees safe

Better engage employees

Improve workplace culture

Build a stronger board of directors



Key data

Meeting the leadership challenges

Nonprofit leaders can take the following steps to connect with staff and build a strong, boundaryless culture:

- **Assess the current mood:** Start identifying and prioritizing your current culture challenges. Objective assessment tools can help you pinpoint specific behaviors that are hurting your culture — or that need to be adapted for new settings.
- **Equip employees:** Ensure employees have high-quality hardware, software and applications to work efficiently from home. When tied to mission and impact, productivity can boost morale.
- **Set clear expectations:** Be frank about what you expect from remote employees — and what they can expect from you. Clarity promotes smoother workflows, but it also builds trust.
- **Get together:** Hold regular check-ins and group discussions, even if you can't host them in-person. Use video whenever possible so everyone stays "present." Encourage open discussions and even

some non-work-related chit chat, since water cooler opportunities aren't available.

- **Respect limits:** It can be more difficult to maintain a healthy work-life balance remotely. Be flexible with work schedules when employees need it, and respect the time they dedicate for their personal lives and family.
- **Stay calm, confident and realistic:** There are tough decisions ahead. Be as transparent and straightforward as the situation allows. Employees look to their leaders for confidence and realism — and leaders need candid feedback from staff to make good decisions. You're in this together.

Your next steps

Learn how your nonprofit can respond, recover and revitalize in the face of COVID-19

The pandemic shifted some leadership and development priorities — but workplace issues remain the primary focus.

2020

1. Better engage employees
2. Improve workplace culture
3. Improve program results and metrics
4. Reduce employee turnover

2021

1. **Improve communication (new)**
2. **Keeping employees safe (new)**
3. Better engage employees
4. Improve workplace culture

Key data

Financial priorities/challenges

In 2021, fundraising and development is the top financial concern for nonprofits. They're also focused on finding additional grant opportunities, implementing operational efficiencies and adjusting employee compensation and benefits.

Fundraising is a persistent need among nonprofits — but it requires an entirely new playbook for 2021.

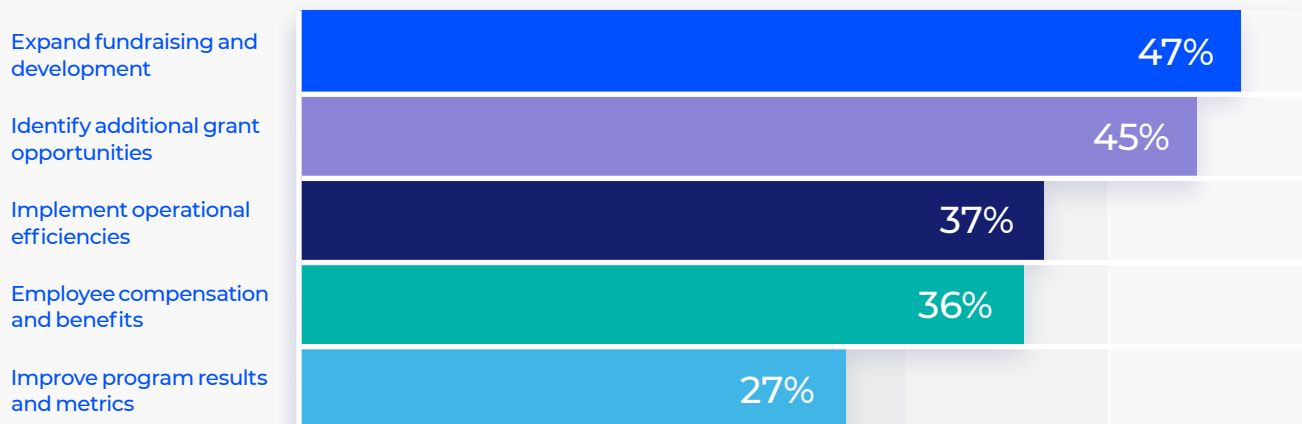
According to the Association for Fundraising Professionals and the Fundraising Effectiveness Project, fundraising increased more than 8% in 2020. But it's uncertain whether those donation totals can be repeated. Typical income streams (e.g., events, earned income) are still restricted by safety protocols in many locations, and by attendees' comfort level. The vaccine rollout is positive news for fundraisers but may not happen quickly enough to balance the year's budget. Nonprofits need new funding sources — and new ways to engage and retain donors — for the foreseeable future.

Nonprofits are juggling some “good problems” on the financial front, too. Because of stimulus funding, some organizations experienced a surplus of cash. Some respondents have applied their stimulus dollars toward hiring and investments; others said they're pursuing investment options to secure their longer-term financial needs.

And the longer-term picture is still cloudy. Will there be additional state or federal support? Will donors be as generous this year? And how will nonprofits pay for ongoing safety protocols, technology upgrades or wage increases? Nonprofits are trying to steward community resources toward the greatest needs in a complex and uncertain environment.

How one nonprofit used technology to address the increasing and shifting needs of its communities and constituents

What are the top 5 financial priorities and/or challenges for the upcoming year?



Key data

Meeting the financial challenges

Unfortunately, there's no crystal ball to guide nonprofits through this season. But they can take proactive steps to protect their financial health.

- **Embrace technology**

Nearly \$2.5 billion was donated to U.S. nonprofits on #GivingTuesday in 2020 — and it was all donated online. Nonprofits can leverage digital tools to connect with potential donors and to engage them (affordably) on a continual basis. Use this time to update your website and social media channels, and to review your donor software. Make sure new donors and contacts are added to your database, too.

- **Bring in the board**

Jumpstart fundraising efforts with your board of directors. Use this time to train board members on fundraising tools and techniques, or to get their assistance analyzing and preparing your appeals. Board members can also advise on the donor experience.

- **Restructure and optimize talent**

If your organizational structure doesn't match how you're doing business today, change it. Evaluate your core team, address skills gaps and adjust reporting relationships so they make sense. As you reorganize, update job descriptions and link every role to the bigger picture. This is an excellent opportunity to learn about employees' career interests and aspirations, and to start the succession planning process. Develop and retain talent for your future.

- **Increase efficiency**

When you can't raise money, you have to cut budgets — or inefficiency. Process improvement exercises can help you remove barriers, smooth out processes, and drive out waste. Even incremental changes add up.

- **Ask for help**

If you're not sure how to handle audits, taxes or reporting in this environment, ask for help. Rules and liabilities have been fluid over the past year, so it's hard to stay current on the requirements. A dedicated audit or tax professional can help you address these continuing challenges and anticipate future needs.

Your PPP2 guide to technology

Learn how your PPP2 loan can transform your organization's technology

The pandemic shifted some financial priorities — but fundraising is a persistent need.

Conclusion: The pandemic is not the problem

COVID-19 is a major challenge. But it is not the main problem nonprofits need to overcome — and it's certainly not the cause.

The pandemic gave fuel to workforce issues that had been growing for years, like engagement and culture. It drilled in the need for **succession planning, stable funding sources** and **greater agility**.

Now, it's time for nonprofits to act

Nonprofit organizations have an opportunity to connect and grow through this crisis with their people. Together, they can rebuild their cultural foundation, rediscover their “whys” and emerge stronger and energized.

The nonprofit sector has never shied away from a complex issue. Our nation relies on passionate nonprofit employees to solve homelessness and hunger. To care for and teach our children. To advocate. Inspire. Heal. And protect.

Nonprofit leaders have the right problem-solving skills — and the right people — to overcome whatever comes next.



Resources

Access the full-length versions of Wipfli assets that were highlighted in this report, plus additional resources.

Articles

[Align performance management and compensation systems](#)

[COVID-19 resource center for nonprofits](#)

[Highly effective boards and the strategic mindset](#)

[How talent assessments can ID your future leaders – and retain mission critical employees](#)

[How to modernize your transition plan](#)

[HR Strategy: Create a proactive people plan that speaks to your leaders' real goals](#)

[Succession planning: A critical talent retention strategy](#)

[Shifting from timelines to trigger events for planning during COVID-19](#)

E-books and downloadable guides

[How nonprofits are solving big challenges using the cloud](#)

[How to reshape your culture](#)

[Your next steps: How nonprofits can respond, recover and revitalize in the face of COVID-19](#)

Wipfli solutions

[Design Thinking: Transforming nonprofits with human-centric solutions](#)

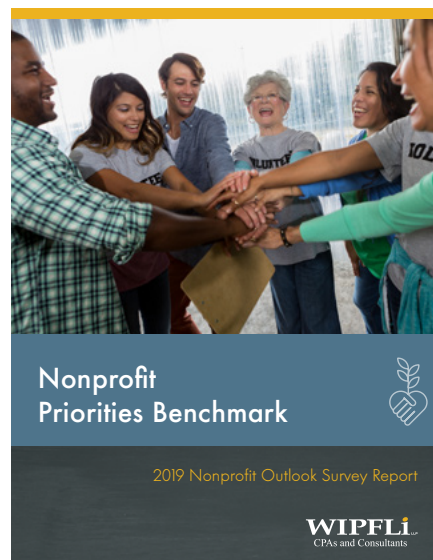
[Strategy and operations](#)

[Talent and change management solutions](#)

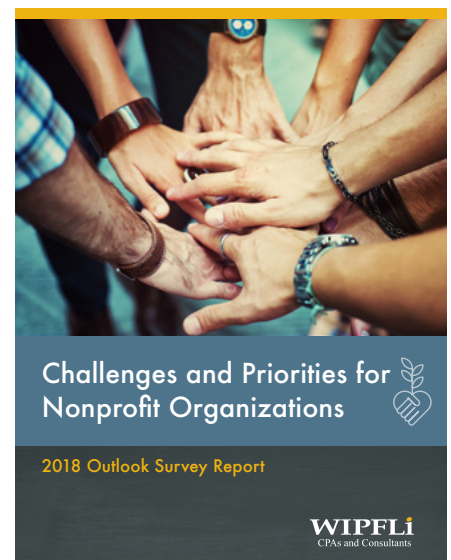
[Wipfli Nonprofit industry support](#)



2020 report



2019 report



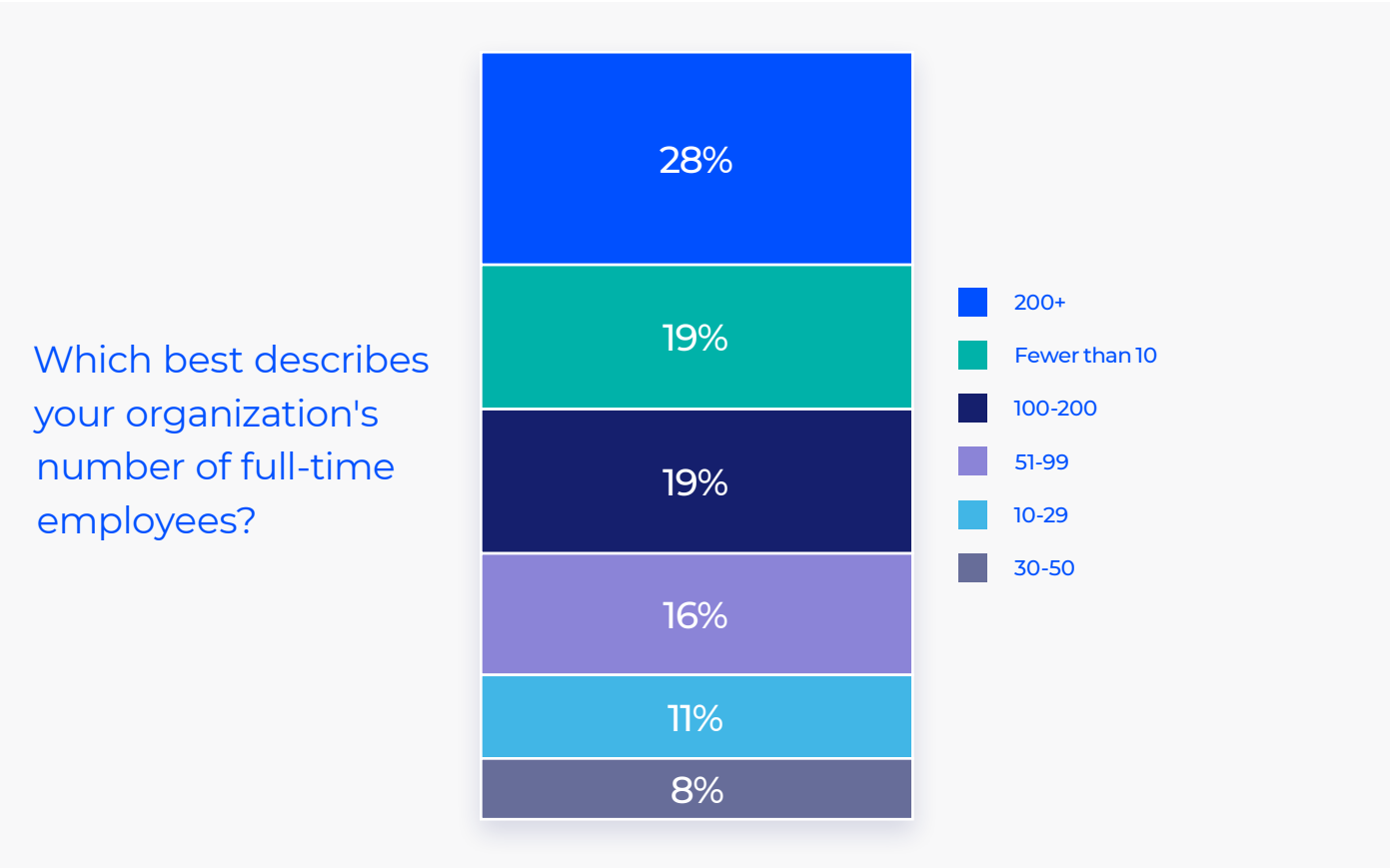
2018 report

Methodology

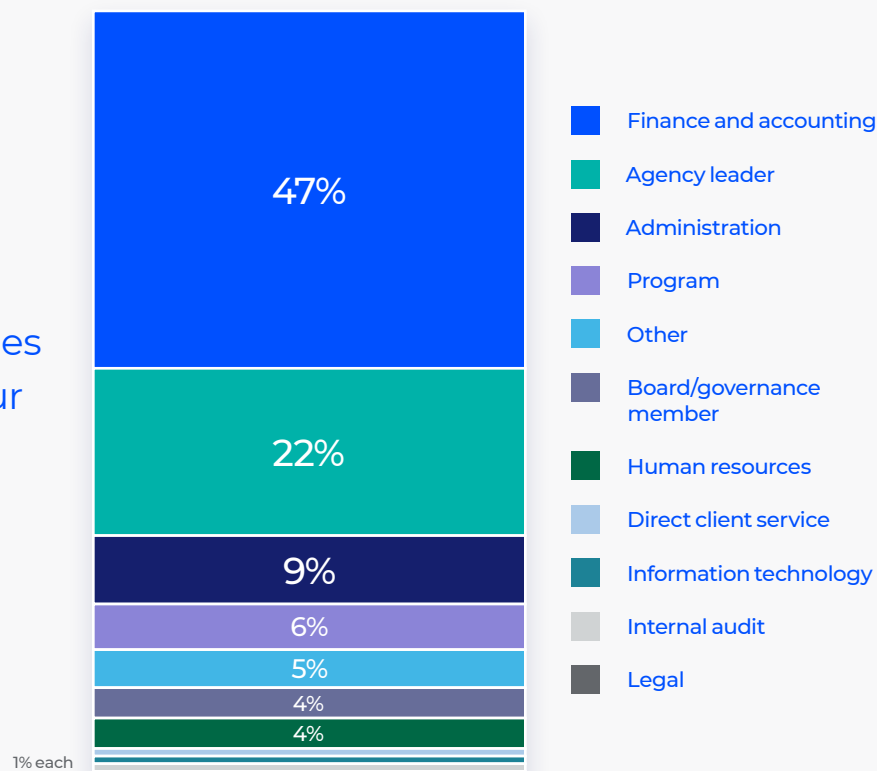
This is the fourth annual report on the nonprofit workplace produced by Wipfli. We surveyed more than 525 nonprofit employees online in January 2021 to inform these results.

Respondents included Wipfli clients and non-clients who work for grant-funded and community-based nonprofit organizations. Participants were geographically dispersed throughout the U.S. and represented a range of job roles. Their organizations also varied in size and mission focus.

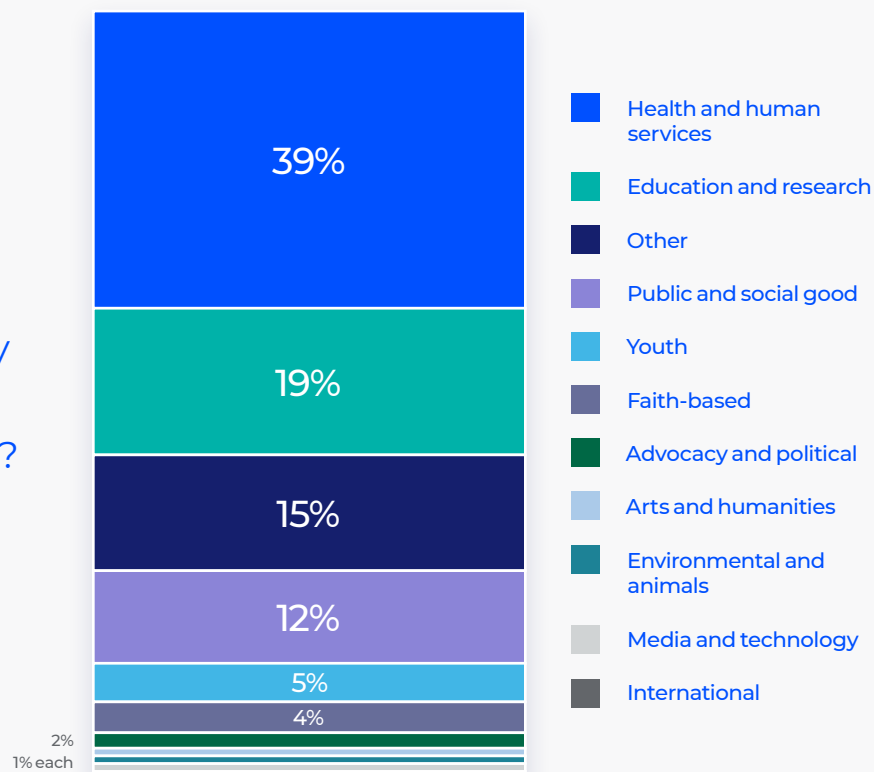
We also consulted members of the Wipfli nonprofit Client Advisory Board (CAB) for context surrounding the issues nonprofits reported, as well as Wipfli experts to develop responsive resources and tools. Excerpted comments from our CAB interviews are included throughout the report.



Which best describes your role within your organization?



What is the primary focus of your nonprofit's mission?



Wipfli's nonprofit consulting specialists bring experience, knowledge and best practices to empower your nonprofit. Whether it's through developing a volunteer management system, helping you navigate changing compliance regulations or optimizing your team's skills, Wipfli can help you create the future you desire, fueling your imagination to realize your dreams.

- Audit and tax
- Strategic planning and visioning
- Organizational development
- Risk management
- Succession planning
- Professional coaching
- Employee handbooks
- Financial systems
- Compensation design and benchmarking
- Compliance reviews
- HR analysis and personnel selection
- Performance management
- Webinars and on-site training
- IT integration and software
- Cybersecurity

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Results that transform

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