

# Positioning Professional Membership Organizations for Success: *Achieving Sustainability*

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**N**onprofit professional membership organizations (NPMOs) are valuable resources for many healthcare disciplines. For nursing leaders, NPMOs offer several benefits, including opportunities for professional development, leadership mentoring, networking, and legislative advocacy.<sup>1</sup> However, to provide the best value for members over the long term, NPMOs must develop a solid operational infrastructure, including sufficient human, financial and information technology (IT) resources, to achieve organizational sustainability.<sup>2</sup>



**T**he purpose of this article is to highlight key characteristics of sustainable NPMOs, including understanding the organization's mission, describing the need for strong leadership, highlighting the importance of creating and implementing a strategic plan to achieve the organization's mission, and to emphasize the importance of establishing a sound funding model and resource plan. A case study will showcase how one NPMO, the Organization of Nurse Leaders of Massachusetts and Rhode Island (ONL-MA & RI), a chapter affiliate of the American Organization of Nurse Executives (AONE), has implemented the key char-

acteristics to successfully achieve organizational sustainability over the past 2 decades.

## **DEFINING NONPROFIT ORGANIZATIONS**

For-profit and nonprofit organizations differ primarily by purpose. For-profit organizations are formed to produce or manufacture a good that provides value to its customers as well as to create a profit to support its business model and benefit its shareholders financially.<sup>3-5</sup> Conversely, nonprofit organizations are designed to provide a specific service to a larger community or to membership organizations. Unlike

for-profits, where profits are distributed to its owners, non-profit excess revenues over expenses are reinvested in the organization to help further its mission.<sup>2,4,5</sup>

One category of nonprofit organizations is called “public benefit” organizations: those which are “established for charitable, educational, religious, or scientific purposes.”<sup>5</sup> A second category of nonprofit organizations is called “mutual benefit” organizations where a specific service is provided to support and benefit the interests of its members while at the same time generating revenue excess to allow for sustainable financial reinvestment into the organization.<sup>5</sup> The remainder of this article will focus on NPMOs, one form of mutual benefit nonprofit organizations.

As mission- and service-driven organizations, NPMOs often experience challenges not typically seen in the for-profit sector, including limited paid human resources, reliance on volunteer support from its members, narrow margins, and the need to seek funding from a variety of sources.<sup>5</sup> For NPMOs, common revenue sources include membership dues, program fees, and vendor support from industry partners. Additional NPMO funding sources include philanthropic efforts such as fundraisers, individual contributions, or corporate sponsorships, and short and long term investment strategies.<sup>6</sup>

Despite the challenges nonprofit organizations face in funding, these organizations experience benefits that for-profits do not enjoy, including tax-exempt status. For example, nonprofit organizations are offered tax benefits in return for providing services to the broader community because of their charitable or service-oriented nature. This benefit helps to control expenses and enhances the amount of excess of revenues over expenses that are available for reinvestment into the organization’s future.<sup>2</sup>

## CHARACTERISTICS OF A SUSTAINABLE NPMO

There are several characteristics of sustainable NPMOs including leadership, flexibility, resources, networking, and IT.<sup>2,4,5,7</sup> Peter York, senior vice president and director of research for the TCC Group found from survey research “that the key (three) ingredients for nonprofit sustainability are decisive, strategic, and accountable leadership; financial and programmatic adaptability; and the resources to deliver core programs.”<sup>7</sup>

First, a dedicated, passionate leadership team and board of directors are necessary to establish the mission, vision, and values and effectively lead the organization. An executive director or chief executive of the organization must be accountable for implementing the strategies and tactics to achieve the organization’s mission as well as successfully inspire and motivate volunteers and staff to be successful.<sup>7</sup>

Second, the leadership team and the entire membership organization must be flexible or adaptable in their approach to creating a sustainable funding model by considering and incorporating several strategies.<sup>7</sup> For example, it is common for NPMO’s leadership and board of directors to individually support the organization philanthropically and also encourage donations from their professional and social

networks after promoting the organization’s purpose, accomplishments, and benefits for its members and the community.<sup>2,7</sup> Moreover, the leadership must ensure the organization’s funding model is diverse. For example, Besel and colleagues<sup>6</sup> found that 65% of the nonprofit organizations they surveyed had funding models composed of at least 4 sources, including those from governmental, foundations, membership fees, and other donations.

Third, the NPMO’s leadership, including the board of directors, must also ensure it has the resources and capacity to offer quality programs or services. Leaders in organizations who thoughtfully and carefully provide the human and financial resources and continuously evaluate the quality of its services are more likely to become sustainable organizations.<sup>7</sup> An engaged staff and NPMO member volunteers can make significant accomplishments by implementing the strategic tactics in a cost-effective manner. Furthermore, obtaining feedback from members and employing a learning culture will assist with enhancing current programs, developing new programs, or knowing when to end programs that are no longer relevant to the mission of the organization.<sup>7</sup>

Fourth, networking is a core component of organizational sustainability. Organizations that network with experienced organizations can learn from each other, share resources, and help build coalitions when strategic initiatives and priorities are aligned.<sup>5</sup>

Lastly, the use of IT is critical to the nonprofit organization’s success. Hackler and Saxton<sup>4</sup> conducted survey research looking at 6 specific IT competencies required for an effective IT strategy: “IT planning; IT budgeting, staffing and training; Internet and Web site capabilities and use; the measurement of IT effectiveness; board support and involvement in IT decision-making; and leaders’ understanding of the strategic potential for information technology.” The survey results indicated nonprofit organizations are increasingly developing long-range plans for IT, budgeting and staffing for IT, using the Internet and creating Web sites to increase communication with members, and demonstrating strong board involvement in IT-related decisions. However, the 1 competency that is not as developed in nonprofit organizations is measuring the effectiveness of IT and its impact on the organization.<sup>4</sup> Despite this challenge, IT continues to be an important component of nonprofit success. It will be important for NPMOs to continue to advance these IT competencies and incorporate the four additional characteristics previously described to increase the likelihood of achieving organizational sustainability.<sup>4</sup>

## CASE STUDY: ONL-MA & RI

ONL-MA & RI (ONL), an AONE affiliate chapter, is an excellent example of a NPMO that has not only evolved into a sustainable organization, but one that continues to grow and thrive. ONL demonstrates the characteristics of a successful organization exemplified by strong leadership, a well-formed strategic direction, and resources; both financial and human.

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