

A Graphic Re-Visioning of Nonprofit Overhead

by Curtis Klotz

We need a new way to communicate to potential funders and supporters what is vital to high-performing organizations vis-à-vis costs and infrastructure—and a way to do that is by rethinking our old terms and images in order to be able to visualize things differently. For instance, investment in key infrastructure has for far too long been viewed as taking a slice out of the pie of our programs, and it is time to “re-vision” it as core mission support.

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MOST NONPROFIT LEADERS AGREE that we need a new way to communicate about the true costs of our programs and the vital importance of strong organizational infrastructure. But we have not yet developed a simple, consistent message when sharing our view with potential supporters and investors. We are stuck with old terms and old images.

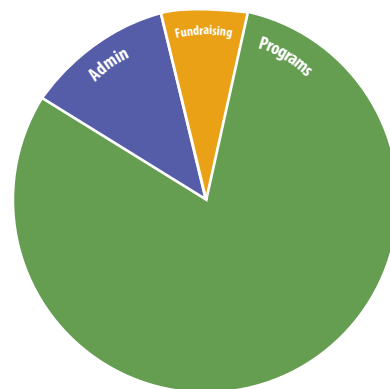
How we visualize our understanding of nonprofit structure and programs shapes the overhead debate. It’s time to get graphic about our new ideas—to deploy fresh images to help educate the public, our funders, and ourselves.

It’s Time to Retire This Pie Chart

When nonprofits are viewed this way, no matter how hard we try to think differently, we imagine important infrastructure of our organization as taking a slice out of the pie—as diminishing the “real” work of our mission.

Strategic financial functions, good governance, and the development of key funding partnerships are vital to strong organizations. We need a new way to communicate this truth.

A Tired Old View of Our Organizations

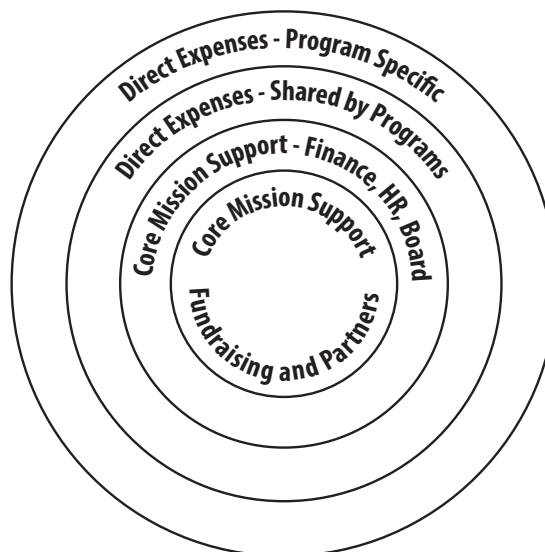


We Need a New Image

Rather than thinking of our investment in key infrastructure as diminishing our programs, it should be seen as valuable **Core Mission Support**.

Core Mission Support functions are necessary, vital, and integral:

- Strong, strategic finance and accounting;
- Progressive human resources practices;
- Capable, responsive board governance; and
- Talented and engaged development staff.

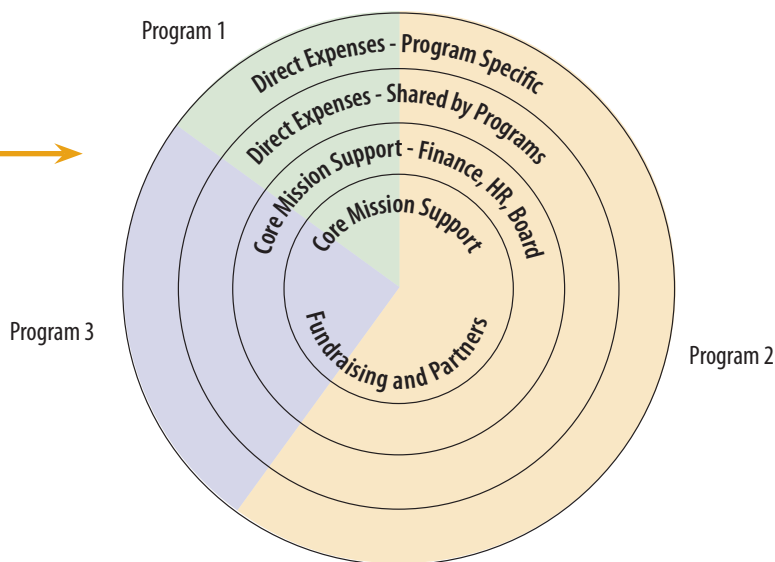


Whole Organizations and True Program Costs

Each of our programs is built around, is supported by, and shares responsibility for Core Mission Support.

All of the resources we need to accomplish our programs are the **True Program Costs**, which include four types of expenses:

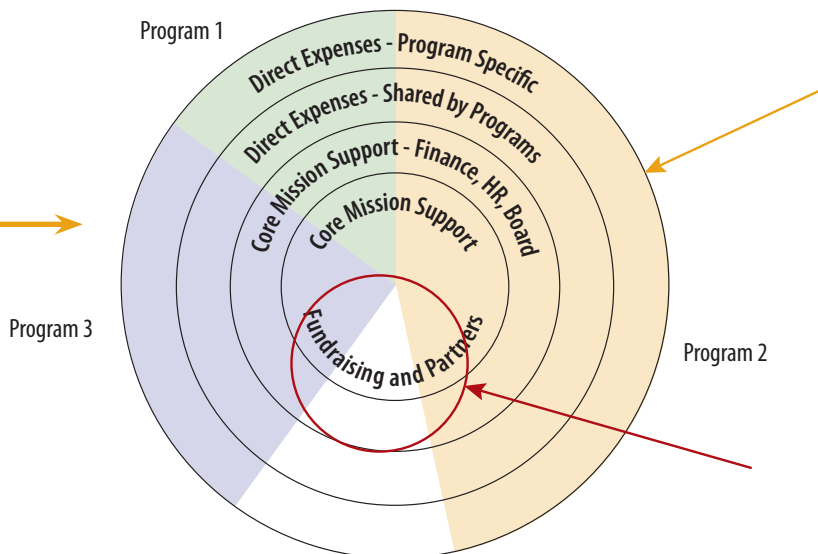
- Direct Expenses: Program-Specific;
- Direct Expenses: Shared by Programs;
- Core Mission Support: Finance, HR, and Board; and
- Core Mission Support: Fundraising and Partners.

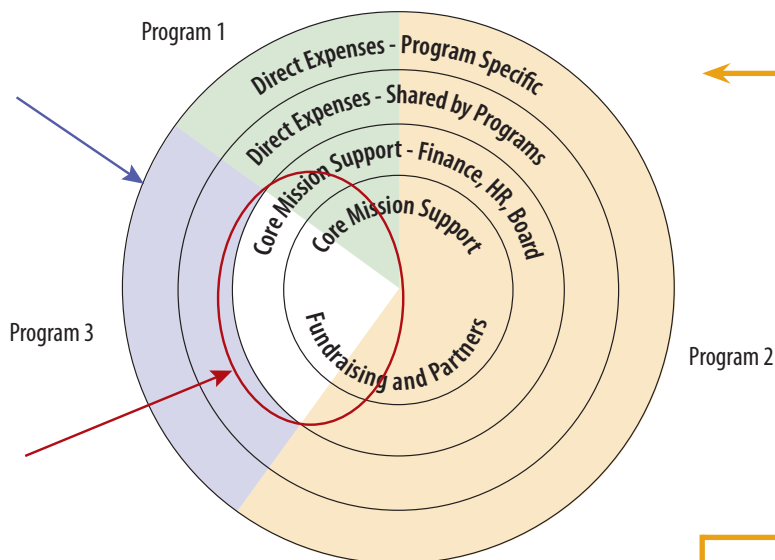


Underfunded Programs Create a Gap at the Core

Some programs are only partially funded by contributions or by earned revenue.

When a program is only partially funded, the expenses not covered include a proportionate share of the Core Mission Support. This creates a **Gap** in funding for the finance, human resources, governance, and fundraising infrastructures that support the entire organization.





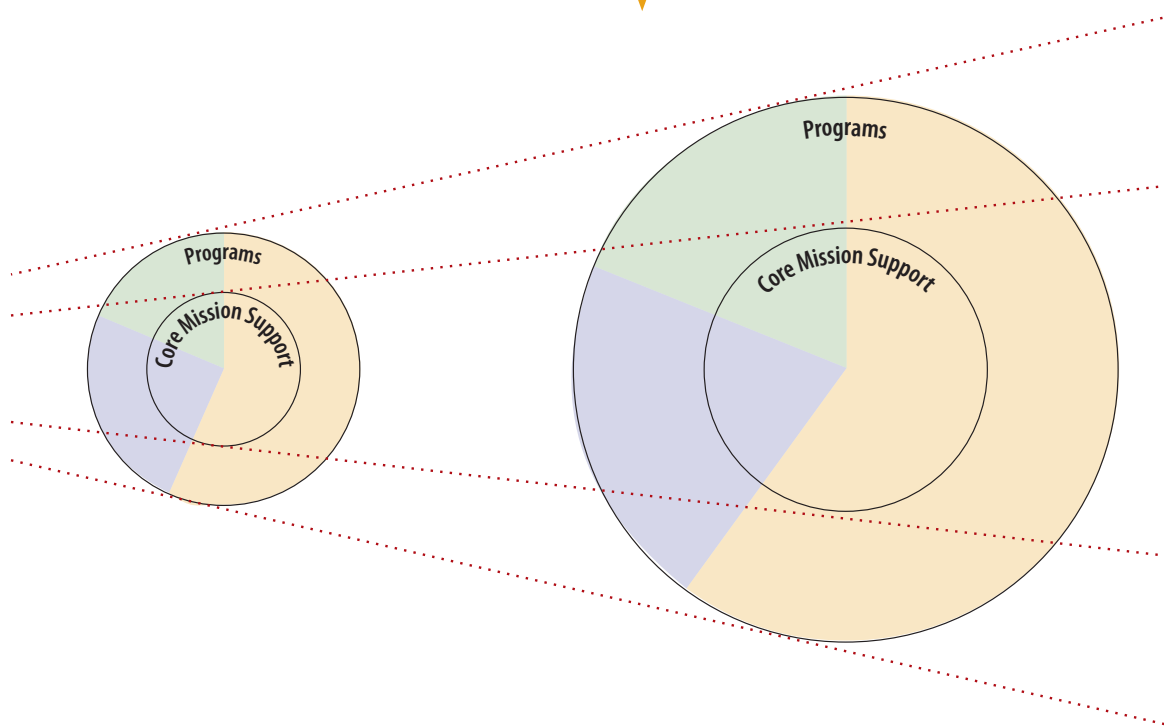
Line-Item Funding Creates a Gap at the Core

Some funders limit their support to only the direct expenses of a program.

When funders support only direct expenses, they deny funding for Core Mission Support. This leaves a **Gap** at the core of our organization. Not only is one program affected but also the health of the entire organization is at risk.

Invest in the Core to Grow the Mission

The growth and effectiveness of our mission work depend on having a solid **Core** at the center of our organizations. Investing in our infrastructure is savvy, prudent, and absolutely necessary.

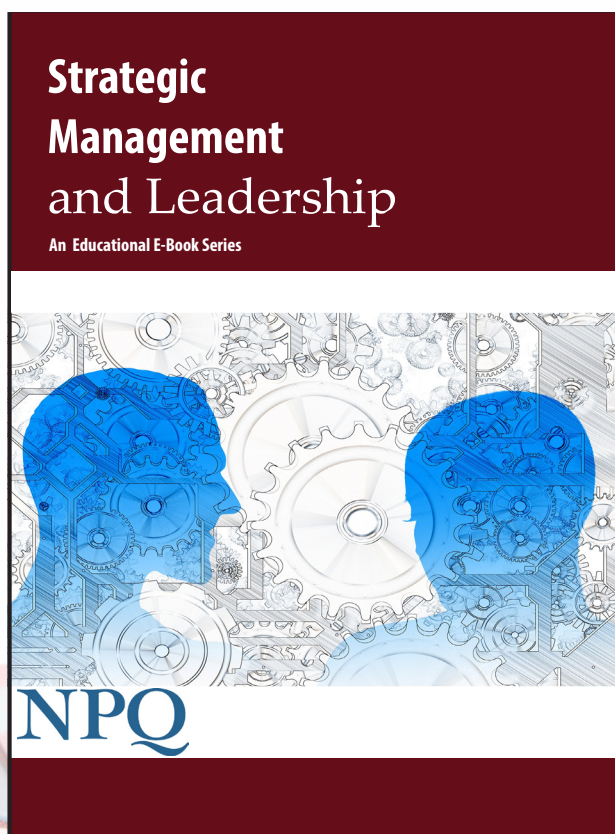


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Go Visual with Our New Thinking

Once we have a new way of understanding and communicating about the Core Mission Support needed by our organizations, it is our job to share our thinking with others. Our funders, supporters, and investors all want us to succeed. They are partners in accomplishing our mission work. But, like us, they may need help reimagining the role strong infrastructure plays in amplifying program effectiveness. By providing a simple visual guide, we can help transform the way we talk about, picture, and ultimately fund the Core Mission Support that is at the center of all great nonprofits.

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