



INDEPENDENT
SECTOR

THREADS

WEAVING THE FABRIC OF A STRONGER FUTURE.

PHOENIX HIGHLIGHTS



THREADS PHOENIX

WEAVING THE FABRIC OF A STRONGER FUTURE.

HIGHLIGHTS FROM COMMUNITY CONVERSATIONS

Event held at Heard Museum, 2301 N. Central Ave, Phoenix, AZ

August 27, 2015

Independent Sector thanks the Nina Mason Pulliam Charitable Trust for supporting Threads Phoenix.

OVERVIEW OF THREADS

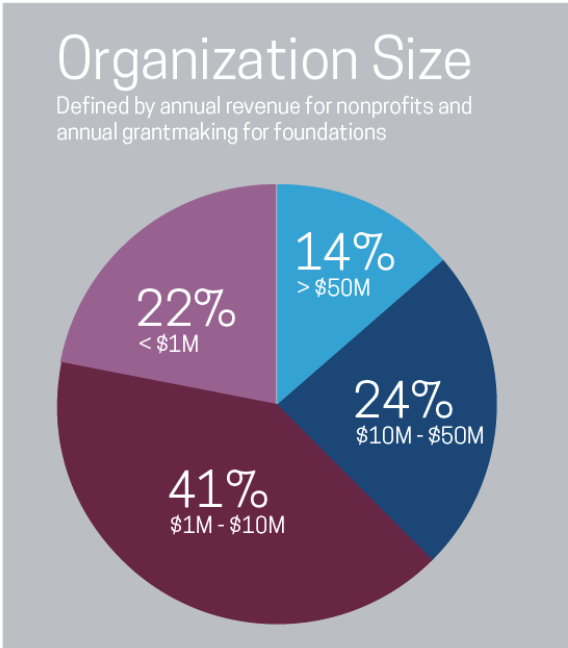
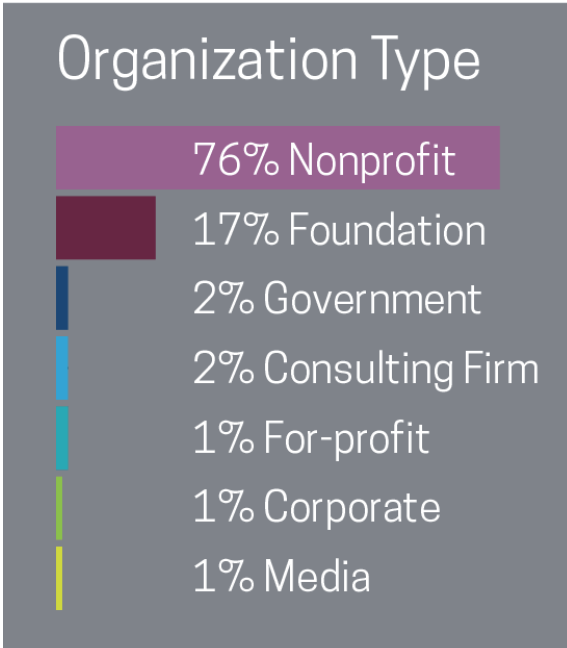
At the start of 2015, Independent Sector launched a series of community conversations called “Threads” in cities across the nation. The purpose was to convene leaders from nonprofits and foundations, and our other allies to explore the impact of society-wide trends on our sector today and in years to come. Threads are designed to engage over one thousand leaders in over a dozen cities to generate thousands of data points about (1) practices that are limiting the effectiveness of sector organizations and (2) innovative ideas for how to increase our impact. Each three-hour Thread featured:

- **Part I – Trends:** An overview of 9 global and national trends shaping our sector’s work, followed by a full group discussion to solicit feedback and generate additional insight about the trends;
- **Part II – Challenges and Solutions:** Small group discussions at which participants identify challenges they face at the organizational, sector, and societal level, then generate solutions for a particular challenge;
- **Part III – Bright Spots:** More small group discussions to brainstorm solutions that have moved the needle on a particular social/environmental issue (what we call “bright spots”);
- **Part IV – Feedback:** A large group discussion of potential roles that national organizations like Independent Sector can play to help the sector better accomplish its important work.

Input from each Thread is coded separately, and then analyzed alongside data from other events to create a national picture of challenges and bright spots. While these findings are not scientific per se, we believe they represent important perspectives from the field that can help drive our sector forward.

THREADS PHOENIX – PARTICIPANT INFORMATION

135 Attendees





OVERVIEW OF THREADS

At the start of 2015, Independent Sector launched a series of community conversations called “Threads” in cities across the nation. The purpose was to convene leaders from nonprofits, foundations, and other allies to explore the impact of society-wide trends on our sector today and in years to come. These gatherings engaged over two thousand leaders in 15 events across 13 cities to discuss practices that are limiting the effectiveness of sector organizations and innovative ideas for how to increase our impact. The Phoenix gathering included:

- **Part I – Trends:** An overview of 9 global and national trends shaping our sector’s work, followed by a full group discussion to solicit feedback and generate additional insight about the trends. Unique to this Threads event was an extra “deep dive” session about changing demographics and environmental degradation.
- **Part II – Challenges and Solutions:** Small group discussions at which participants identify challenges they face at the organizational/sector, then generate solutions for a particular challenge.
- **Part III – Roles of Independent Sector:** A large group discussion of potential roles that national organizations like Independent Sector can play to help the sector better accomplish its important work.

Input from each city was coded separately, and then analyzed alongside data from other events. While these findings are not scientific per se, we believe they represent important perspectives from the field that can help drive our sector forward. To date, Threads has generated some 3,000 data points.

TRENDS SHAPING THE FUTURE OF THE CHARITABLE SECTOR

Threads Phoenix kicked off with a presentation by Diana Aviv, former President and CEO of Independent Sector, on [nine trends](#) shaping the world and our work. She did not make value judgments about the trends. Instead she sought to (1) make people aware of how the trends are shaping our world and therefore our work; and (2) encourage people to respond to the trends in light of their own organization's practices and particular circumstances. After this presentation, she encouraged participants to share their reactions to the trends. The following themes emerged.

Major Themes

- 1. Public Voice** – People talked at length about the potential of – and need for – a resurgence of the public voice. Some mentioned the ways that swarms (self-organizing networks of people) elicit societal change produce legislative reform. Others talked about the influence of money on our political system, specifically how entities are using the tax code (section 501c4) to funnel money into elections.
- 2. Rural Perspective** – A discussion took place on the importance of serving rural communities and the attendant challenges of doing so. One attendee mentioned that reductions in state funding for Native Americans and other rural populations are having a significant impact on nearby communities.
- 3. Blurring of Sector Lines** – Like other Threads events, the audience mentioned that people are becoming increasingly sector agnostic. In Phoenix, the tone of this discussion was more sober than other cities. Attendees noted that an organization's structure/type seem to matter much less today, given the primacy placed on achieving impact. One person said the word "nonprofit" may, in coming years, fade away.
- 4. Working with Government** – Attendees expressed concern over duplication of effort between city government and nonprofits. Some pointed out that this type of inefficiency has become one of the biggest challenges for local government.
- 5. Social Compact** – Like other Threads, participants commented on the evolving roles of the charitable community, government, and business sector. For example, one woman noted that the courts now make many key decisions in AZ; in the past, this role had been performed by the state legislature. She also said that traditionally state leaders' decisions tended to reflect the priorities of the general public. In recent years, however, Arizonans have voted to prioritize education but state leaders' actions have not reflected this fact.

CHALLENGES

ORGANIZATION & SECTOR LEVELS

At Threads Phoenix, we asked people to respond to the following two questions. What are the most significant challenges your organization is facing? What challenges are holding back the sector at large? Here are the top themes that emerged, followed by quotes from the field.

Major Themes

- 1. Financial Sustainability** – This theme resonated in nearly every Threads city and Phoenix was no exception. People mentioned funding that targets only short term results and insufficient support for operations. They also called for new funding sources/strategies and said staff too often must be pulled away from mission-related work to perform fundraising duties. Finally, participants talked about a disconnect between grant makers and grant seekers. One individual summarized by saying, “Funders are too often prescriptive and do not allow [nonprofit] organizations to do what they know they need to do.”
- 2. Operations and Governance** – Several attendees mentioned the need to inform funders about the “overhead myth,” (which refers to the belief that financial ratios are an effective indicator of nonprofit performance). In addition, they discussed the value of educating funders on the importance of giving unrestricted funds and operational funds. Many working at small nonprofits talked about challenges of building sufficient capacity to achieve their mission and about burdensome governmental reporting requirements. On the issue of governance, some pointed to a lack of understanding of appropriate roles for board and the need for more diverse boards.
- 3. Sector Workforce** – Threads attendees mentioned three specific items regarding their workforce: their difficulties attracting talent (i.e., inability to offer competitive salaries/benefits); the need for more racial diversity on staff; and the challenge of finding talented, entrepreneurial leaders. As one individual stated, “our organizations are not reflective of the community we serve from both a cultural and age perspective.”
- 4. Generational Differences** – The audience talked at length about this theme. Some worried about the sector’s inability to attract their talent and discussed a proclivity toward “sector agnosticism” (i.e., Millennials working in whichever sector will help them best pursue their cause.) Others were concerned about a short term mindset. For example, one said, “Things don’t happen fast enough for Millennials” and another echoed, “The younger generation wants to make their impact in 8 hours.” (Full quotes below.)

5. **Government and Advocacy** – Unlike many other Threads events, the Phoenix gathering focused considerably on this issue. Specifically, they cited a reluctance to get involved in advocacy effort. One person said “it takes courage” to do so. Others talked about deep funding cuts. They said government funds don’t cover the costs to deliver programs/services and, as a result, nonprofit organizations have been less able to fulfill their missions. Finally, some felt government regulations were overly burdensome and taxed nonprofit staff beyond what was necessary.

Other themes that arose included (a) vision and approach – urgent need for innovative leaders who neither risk averse nor short-term thinkers; (b) how organizations relate to one another – duplication of services caused by lack of coordination; (c) stakeholder engagement – lack of civic engagement and decline of volunteerism; and (d) data – difficulty of getting data from the government.

Voices from the Field

- “Fundraising takes so much time and energy, forces you to lose focus on your program work.”
- “Need to find nontraditional ways to fund, especially for ‘expensive’ endeavors.”
- “Long term work vs. short term funding [is a challenge].”
- “Funders are too often prescriptive and do not allow orgs to do what they know they need to do.”
- “Partners we work with have capacity issues and growing pains; [there is a need to] help smaller nonprofits with technical assistance and capacity building.”
- “Hard to attract diverse workforce in competing with the private for profit sector.”
- “Organizations not reflective of community from cultural and age view/ perspective.”
- “Things don’t happen fast enough for Millennials.”
- “Often key people or representatives of the issue are missing.”
- “Rural organizations are challenged to compete with larger markets - in every way. A great recognition of needs in Native-American populations.”
- “How do we accommodate generational changes to carry out organization’s mission?”
- “There is a yearning for collaboration but enormous constraint to realize full potential (e.g. Funders who want a nonprofit to show how they’re distinctive from all others, etc.).”
- “Tearing down silos between sectors to achieve collaboration and collective impact.”
- “Lack of collaboration among those serving similar populations [is a problem].”
- “Lack of engagement, futile to even try - people feel their voices don’t matter.”
- “Difficult to get necessary data from state and local government agencies.”

- “Reluctance to get involved in advocacy and regulatory piece, courage to engage in advocacy.”
- “How do you [take on an] issue when gov't stepping back (i.e. cutting funding)?”
- “Underfunding by government while adding more accountability.”
- “Fear of advocacy [is a challenge].”

SOLUTIONS

At Threads Phoenix, we asked participants to work with small groups to select a single critical challenge—whether from among the problems raised in the previous segment or from their own experience. We then asked groups to propose solutions to these issues in their own words. Below are their responses.

Challenge:

Need to adapt to forces that are bearing down on nonprofits.

Solutions:

- “Look at pivotal change, not incremental change.”
- “[Funders must] trust nonprofits -- their staff, boards, etc. -- to deliver on their mission beyond the traditional defined grant for a specific program with a specific time table. Reward innovations, risk, failure, etc.!”
- “Find values that match the need for change.”
- “Bring in the proper voices.”
- “Look everywhere for best practices.”
- “Engage Millennials in new ways of thinking & doing things.”
- “Understand the changing demographics.”

Challenge:

Need for funding that is dependable, supports operations, and rewards long term thinking.

Solutions:

- “Advance funding of general operations infrastructure.”
- “Form long-term vision between the funder and grantee; really work together to develop and monitor progress.”
- “Include all costs of efforts in funding asks.”
- “Creative sources for increased funding, adding earned income if possible. More innovative mechanisms (loan funds, mature capital) to grow and bring work to scale.”
- “Paradigm shift of nonprofits demanding the resources necessary to do the work - including better job of describing outcome.”
- “Foundations and nonprofits engaging in honest dialogues around respective challenges (even when that honesty requires them to take risks) and finding solutions together.”

Challenge:

Organizations are not representative of the communities they serve.

Solutions:

- “Leadership – decision makers should be people of color.”
- “Change structures - re-examine role of governance so board is reflective of community.”
- “Reserving a seat on the board for those representing the community served by the organization (under-represented).”
- “Evaluating hiring practices.”
- “Major funds need to embrace diversity and be a part of the solution.”
- “Collaborate and do research to obtain a pool of applicants that are the most qualified for the positions available (change culture in organization).”

Challenge:

Removing obstacles between organizations and supporting collaborations.

Solutions:

- “Look for existing successes and best practices.”
- “Keep nonprofits connected.”
- “Need to stop looking at each other as competitors rather than collaborators.”
- “Try to approach it with a "win-win" effort in mind and not the power structure.”
- “Conversation on future - where do we want to go, not on how we've always done things.”
- “Training - provide the tools to the individual and a collective.”
- “Reward - providing same sort of incentive (doesn't have to be money) to recognize the effort.”

ROLES

We wrapped up Threads Phoenix by asking participants to tell us what roles a national organization like Independent Sector could play to help local and regional organizations better achieve their missions. Common themes follow.

Major Themes

1. **Content Curator** – During this discussion, IS leaders mentioned developing programs and tools to help strengthen nonprofits’ organizational effectiveness. Attendees welcomed this proposal. They added that they would also like the organization to serve as a content curator, given a world cluttered by 24/7 streaming data. “Synthesizing and disseminating” material, said one individual, would be extremely beneficial.
2. **Advocacy** – This theme arose twice in Phoenix: during the discussion on sector-level challenges and when discussing roles of national organizations. People mentioned the need for nonprofits to expand their advocacy efforts. Shaping public opinion about issues, said one participant, is a fundamental role of our community.

3. **Promote Sector Value/Brand** – Like other Threads gatherings, the audience called for raising awareness about the economic benefit and value to communities that nonprofits offer. “There is a public perception that we are not as effective or efficient as business,” said one attendee. Others agreed and hoped a national organization could help end this misconception.
4. **Elected Officials** – In Phoenix, many were frustrated at the high levels of political polarization and gridlock in government. Some called for report cards on elected officials as a way to hold them more accountable to the people they serve and to assess how well they’ve supported nonprofit’s efforts to help local communities.
5. **Convener With Action Component** – Participants welcomed a national entity that could convene diverse organizations (both across fields of practice within the sector and across sectors as well). Beyond gathering voices, many called for more action. Such an organization, said one participant, should help us “find solutions rather than simply just talking about problems.”