



INNOVATION: THE KEY TO SURVIVAL IN THE NFP SECTOR

With competition for the charity dollar fiercer than ever, and new mobile and digital technologies changing the way people donate, experts say NFPs must innovate or risk an uncertain future.

“The charity sector is grappling with digital disruption and a generational shift in demands,” says Jeffrey Tobias, director of GiveEasy, which provides a suite of digital fundraising tools for the NFP sector.

“The power of choice has shifted from the organisation to the consumer. People, especially in the younger generations, are saying, ‘I want to give the way I want to give, where I want to give, how I want to give. If you as a charity can’t allow me to do that I’ll go and give to someone else.’”

“So continuing to do things in the way we’ve done them before won’t work. We really need to embrace those changes.”

Tom Dawkins, associate director of communications at The Australian Centre for Social Innovation, agrees innovation is important for NFPs, and says there are no limits to how an NFP can innovate.

“You can be innovative in the way you recruit and on-board staff, and that could lead to a culture that is more collaborative,” he says. “You can be innovative in the way you raise money, adopting new peer-to-peer technologies more robustly.

“Fundraising is the place where you see the most innovation because there’s competition and a real metric. Innovation should produce some sort of tangible, measurable outcome, hopefully not just for the organisation but for the people it serves.”

The Innovation Index, a 2015 study of Australia’s NFP innovation capacity, found the most innovative organisations have well developed innovation strategies, with a clear vision, goals and metrics.

Successful innovation strategies are championed by leaders and embraced across all levels of the business, with time set aside for creative thinking and idea-sharing among team members.

Recognising and rewarding staff’s creative thinking is crucial to the success of an innovation strategy. Recognition could be in the form of an email from the CEO, or a “callout” in a staff meeting, newsletter or via the intranet or internal social network. Developing a reward and recognition program is one of the simplest ways to drive innovation.

Encouraging ideas from outside the organisation is just as important as internal collaboration.

“The best innovation comes from designing with users and with beneficiaries of the system,” says Dawkins.

“Out of that comes approaches that are often innovative in their simplicity and that actually achieve more sometimes than traditional business, by facilitating those communities to help solve problems for themselves.”

To encourage external collaboration start by talking to stakeholders in a new way and getting to know what they really need and want from your organisation. Stakeholder feedback and ideas can be captured via discussion forums, focus groups or surveys, or by “social listening” on Facebook, Twitter and other social media platforms.

The speed at which you can implement these new ideas is vital to their success. NFPs that can quickly respond to change, adopt new behaviours, and embrace new opportunities will be best placed to survive competition and digital disruption.

“It is going to be hard if 100 per cent of your focus and effort is just on the day-to-day survival or the day-to-day delivery of your services,” says Dawkins.

“Really innovative organisations have different teams operating in different time horizons.

“For example, 70 per cent doing the work that we need to do today. Twenty per cent thinking about the services you’re going to be delivering in three to five years, and beginning to build those. And 10 per cent looking at a 10-year time horizon.”

Dawkins acknowledges not all NFPs will have the money to resource an innovations team, but he says there are many low-cost ways to drive innovation.

“Read a book or do an online course and then try that out with your team. There’s so much education available at such a low cost now,” he says.

“It could be bringing on board one or two board members and tasking them with thinking about innovation. It could be the whole team taking a day to think about the future.

“Whatever you do, it will require a certain stepping back from the intensity of the day-to-day delivery of services and survival.”

Interestingly, The Innovation Index found it is not money that drives innovation for NFPs. In fact, the opposite is true, innovation drives increased funds.

“Organisations shouldn’t be saying, ‘Oh, we need more money, and if we had more money, we’d be more innovative,’” says Tobias. “They should be saying, ‘Let’s think about how we can be more innovative by rewarding people for innovative ideas, for bringing ideas from the outside in.’ What The Innovation Index showed is that by doing that you will end up with more money.”

How to drive innovation in your NFP

01

Change the language in the organisation from a negative “Yes, BUT” to a positive “Yes, AND” to encourage a culture of idea-sharing.

02

Build discussion around innovation into board and executive meeting agendas.

03

Organise a retreat for your whole team to take a day out of their normal working environment and brainstorm new ideas.

04

Undertake low-cost innovation training via organisations such as The Australian Centre for Social Innovation, One10 and Business Models Inc, and share your learnings with your team.

05

Participate in the 2016 Innovation Index to find out how your innovation capabilities compare with other Australian NFPs. This will give you something tangible to build on in the future.