



# Not-for-profit High Performance

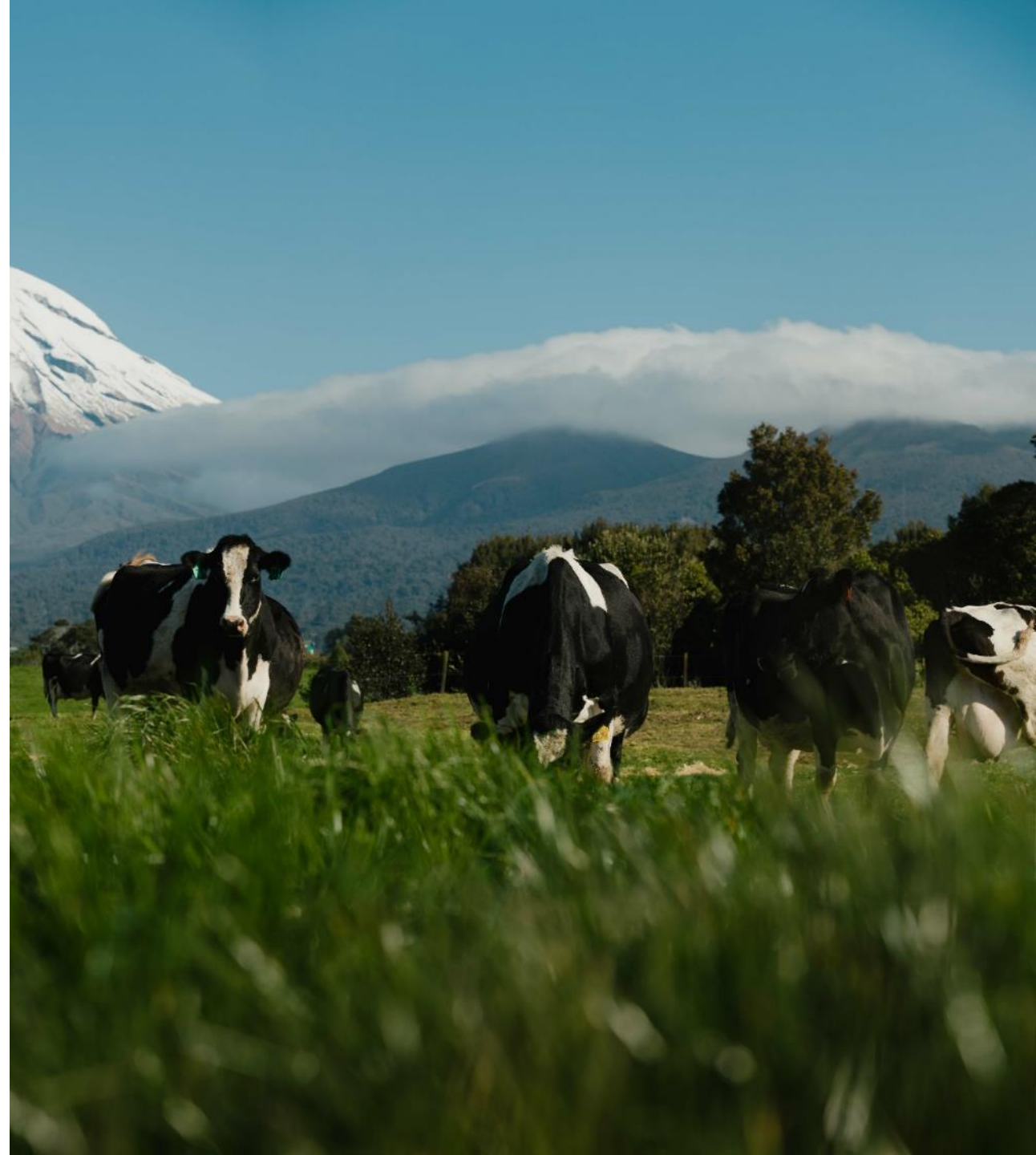
An agri sector perspective

October 2022



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# Executive summary



# Executive Summary

**Not-for-profits play a critical role in New Zealand's society and economy. They are significant contributors to our GDP, employment, and overall wellbeing – fulfilling needs that might not have otherwise been met.**

**Just as crucial are those not-for-profits who serve New Zealand's key economic powerhouse, the agri food and fibre sector.**

**This report aims to benefit the sustainability and resilience of New Zealand's essential not-for-profit organisations, with a focus on those operating in the agri food and fibre sector.**



## **A vital sector under pressure**

In the current environment, not-for-profits are doing more with less; costs and stakeholder scrutiny are up, and donations and volunteering are down<sup>1</sup>. Amidst these challenges, agri not-for-profits are concerned about their ability to stay relevant and provide a lasting impact. The pressure to be high performing and employ more efficient, sustainable business models is increasingly top of mind for all.

## **Unlocking impact potential**

Sustainable and resilient not-for-profits are critical to our society. When New Zealand not-for-profits succeed, our country prospers, and that's good for all New Zealanders. The not-for-profit sector should therefore be appreciated and nurtured, and challenged to innovate and collaborate as it faces an uncertain future. As evident in this report, opportunities exist for agri not-for-profits to build on their strengths and magnify their impact by harnessing the collective power of the sector: cultivating talent, leveraging synergies, fostering innovation, and lifting executional discipline.

<sup>1</sup>'The New Zealand Cause Report', JBWere, (2021)

## **Driving sustainability & resilience**

This report aims to benefit the sustainability and resilience of New Zealand's essential not-for-profit organisations, with a focus on those operating in the agri food and fibre sector. This report provides insights into the opportunities the current sector trends present and tools to challenge current not-for-profit performance and future resilience.

This report is focused on 'not-for-profits' that are commonly known as charities or for-purpose organisations (see page 11 for the definition of 'not for profits' as applied in this report). However, we acknowledge the contribution and significance of those purpose driven, industry good organisations who fall outside this traditional definition.

This report is presented in two parts. The first part comprises eight sections covering the key traits of high performing not-for-profits and the parallel insights, benchmarks, and key questions unearthed through this research. The second part explores sustainable not-for-profit business model options based on the opportunities characterised within this report to inspire innovation efforts. The following pages provide a snapshot of each section.

# Snapshot of Not-for-Profit High Performance



## Pivotal Leaders

Without pivotal leaders, the chances of high performance is remote at best. Undoubtedly a demanding role, future leaders must be humble, resilient, relentless, and interdependent. High-impact not-for-profits typically have multiple pivotal leaders who work cohesively to drive and harness a high-performing organisation. They are supported by a strong visible board who are diverse, committed, generous and united. Leadership and governance are critical future determinants of funding and partnership longevity. However, contributors identified both as prominent weaknesses across the sector: remuneration, board term durations, diversity of thought and succession planning all present opportunities for improvement.



## Capable People

High-impact not-for-profits take great care in selecting and nurturing passionate individuals with the right culture fit. Not-for-profit leaders acknowledge that their people desire growth and development opportunities, often above other incentives. Yet, many admit their efforts to identify opportunities for people to progress are minimal, citing constraints on time and resources. Not-for-profits should consider the benefits of targeting alumni and attracting people back after they have gained experience elsewhere.



## Strategic Anchor

At the core of every high-impact not-for-profit's decision-making is a distinctive and strategic purpose, which is never compromised. While many not-for-profit leaders agree this is important, some who depend on short-term funding are haphazardly blurring their purpose to survive. This blurred purpose inhibits efficient decision making, collaboration and value proposition clarity and is a barrier to future resilient partnerships. Business stakeholders are quick to divest relationships with such not-for-profits.



## Ambition & Attitude

Although agri not-for-profits strongly desire to achieve their mission, many are not focused on achieving long-term sustainable impact. Not-for-profits with a genuine long-term vision and ambition are more proactive, open to collaborating, and have a robust sense of purpose. They are confident in their future while recognising they don't have all the answers to get there – driving a desire to seek insight from others. Government and businesses believe not-for-profits are often reluctant to identify underperformance and proactively seek help. Therefore, they seek partnerships with those not-for-profits who are confident but not arrogant or insular in their approach.

# Snapshot of Not-for-Profit High Performance continued



## Investment and Resource Allocation

High-impact not-for-profits understand the importance of balancing investments to fuel their impact now and in the future. They intentionally invest in creating diverse funding sources and operational surpluses to ensure mission-ready resilience and viability. These not-for-profits measure the depth of their impact and efficient contribution to the cause. Investments and resources not delivering impact are ruthlessly cut and diverted. Those not-for-profits who can demonstrate sustainable return on investment are better positioned to attract long-term partners and funding commitments.



## Connection & Collaboration

High-impact not-for-profits actively invest in building, developing, and maintaining cross-sector connections across the value chain to increase the efficiency and depth of their impact. The volume of industry organisations and not-for-profits who operate with an overlapping scope and therefore compete for funding is a prominent issue for all. A wider understanding of each organisation's value and place in the sector is desired. Sector-wide coalitions and collaboration could help dismantle these silos, reduce inefficiencies, and strengthen the united voice.



## Funder Intimacy

Building an intimate connection with funding providers is a significant focus for high-impact not-for-profits. Funders, business partners and Government agencies leverage a not-for-profits impact and brand recognition to fuel value exchange and consolidate funding decisions. Therefore, Not-for-profits are better positioned to capitalise on value-exchange opportunities where priority is given to increasing brand awareness and strength, understanding funder needs and motivations, and communicating value proposition relevance.



## Deployment Discipline

New innovation is a consistent investment and change a disciplined cascade for high-value not-for-profits - deployed at speed and failed-fast when things are not working. Many not-for-profits feel they are not equipped or encouraged to measure outcomes effectively or innovate. Effective data capture and analysis capabilities, clear operational metrics, and more significant role clarity are needed to empower future decision-making speed and agility. Patience, encouragement, appropriate incentives, and a dose of psychological safety for all involved, would go a long way to bolstering the boldness and perseverance needed to fuel innovation.

# Snapshot of Sustainable Not-for-Profit **Business Model Options**

A not-for-profit is a legal construct that gives rise to tax and financial compliance obligations based on its traditional overarching focus (e.g. for purpose vs for profit).

Business models enable an organisation to create, deliver, and collectively support sustainable value and impact, whether for purpose or for profit. Therefore, putting its legal construct aside, a not-for-profit needs to consider its vision, ambition, value proposition, and strategy in determining the appropriate business model that will enable it to be successful and deliver on its purpose.

This research identifies three high-level business model options that might enable agri not-for-profits to be financially resilient, deliver to future sector needs, and achieve pan-sector impact. This report considers the implications for not-for-profits in adopting each business model.



## Sector Orchestrator

Not-for-profits focus on their core competencies, actively coordinating and outsourcing all other activities within the value chain to other competent organisations. Resources are devoted to understanding, matching, and coordinating individual mission-aligned activities.



## Focused Specialist

Not-for-profits focus on delivering one specialist function across multiple sectors and beneficiary segments. A specialist not-for-profit may partner with various Orchestrators, who outsource a specific sector's value chain activities to specialised providers.



## Shop in a Shop

Instead of setting up its own infrastructure, the not-for-profit is hosted by a partner (or partners) organisation who will benefit from participating in the cause-based initiative, resulting in a small 'shop' within a 'shop' (a win-win situation).

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# Introduction





# A vital sector under pressure

## The not-for-profit sector plays a critical role in New Zealand's society and economy.

The sector has been relied upon to conduct activities and provide important services in response to humanitarian or environmental unmet needs that are currently not effectively addressed by Government or businesses.

The not-for-profit contribution to New Zealand is undoubtedly vital. We have more not-for-profits per capita than any other country<sup>1</sup>. The sector contributes over 12.1 billion to GDP, employs over 180 thousand New Zealanders, and supports hundreds of thousands of people annually<sup>1</sup>.

However, in the current environment, not-for-profits are being asked to do more for less<sup>1</sup>.

Demand is up while donations and volunteering are down<sup>1</sup>, so there is increasing pressure on not-for-profits to be high performing and employ more efficient, agile business models.

The challenges of Covid-19 have, for many not-for-profits, heightened these pressures, emphasised organisational cracks and tested delivery models, resulting in a catalyst for change. Many not-for-profits are reflecting on their current state and questioning their future ability to serve their communities, no matter the challenges ahead.

The issues confronting the not-for-profit sector are front of mind for agri not-for-profits - for-purpose organisations that serve New Zealand's critical economic powerhouse, the agri food and fibre sector.

## Current challenges<sup>^</sup>

1. Being able to deliver lasting impact
2. Managing growth
3. Rising costs

## Future challenges<sup>^</sup>

1. Internal resource constraints
2. Staying relevant
3. Financial resilience

## Future Opportunities<sup>^</sup>

1. Collaboration and partnerships
2. Innovation
3. Impact evaluation

<sup>^</sup>Identified by Agri not-for-profit survey contributors

# An agri food and fibre perspective

## A VUCA squared world

The New Zealand agri sector continues to grow and deliver record returns for the economy, supporting our country's economic recovery from COVID-19. However, the agri sector continues to grapple with opportunities and challenges presented by an increasingly 'VUCA squared' world that is more volatile, uncertain, complex, and ambiguous than in previous years.

The ability of the agri sector to continue delivering on the Fit for a Better World roadmap within this complex and dynamic environment is critical to the future prosperity of the sector and New Zealand as a whole.

## Who are agri not-for-profits?

Agri not-for-profits are for-purpose organisations that serve New Zealand's critical economic powerhouse, the agri food and fibre sector. Agri not-for-profits support people and communities across the agri sector to prosper through the provision of a wide range of knowledge and services, including education and research, health, leadership capability, community development, and environmental stewardship.

## Leveraging synergies

Several key priorities have been identified for the agri sector to drive growth and resilience. Amongst these are two priorities that draw parallels with the not-for-profit sector:

- 1. Collaborating substantively:** The recent 2022 KPMG Agribusiness Agenda<sup>2</sup> survey highlighted a key sector priority: seeking out and developing partnerships with organisations that bring diversity of thought, knowledge, and action to the sector. The agri sector has demonstrated its ability to collaborate effectively in a crisis during the last two years. It's time to bring that same mindset to solving the problems communities and consumers will face in the future. A crucial part of this is partnering, bringing openness to different ways of doing things than how they have always been done.
- 2. Resilient business models:** The agri sector is being challenged to innovate around different business models to lift the sector's resilience. A failure to provide quality, accessible and nutritious food will impact the sector's ability to generate the export returns we enjoy today.

## Growth through resilience and financial sustainability

Against the backdrop of agri sector opportunities and challenges, agri not-for-profits are concerned about their ability to stay relevant and provide lasting impact as they tackle rising costs and talent shortages. Agri not-for-profits are looking to collaboration, innovation, and impact evaluation opportunities to ensure future resilience.

Moreover, agri not-for-profits are rightly questioning:

- How well are we currently performing?
- Are our existing business models sustainable in the long term?
- What optimal business models might enable us to become financially resilient and future-fit to deliver to future agri sector needs and achieve pan-sector impact?

# About this research

A combination of primary and secondary research methods was employed to develop and test the insights and tools presented in this report.

## not-for-profit

An organisation that is not a household, government or for-profit business; does not distribute its surplus funds to those who own or control them but instead uses them in the pursuit of its cause; is in control of its own destiny; is organised to the extent that they can be separately identified; is non-compulsory in both terms of membership and members' input; and meets the legal requirements/definition of a charitable trust.

## Methodology

A range of research activities were conducted to develop the insights and tools provided within this report, including:

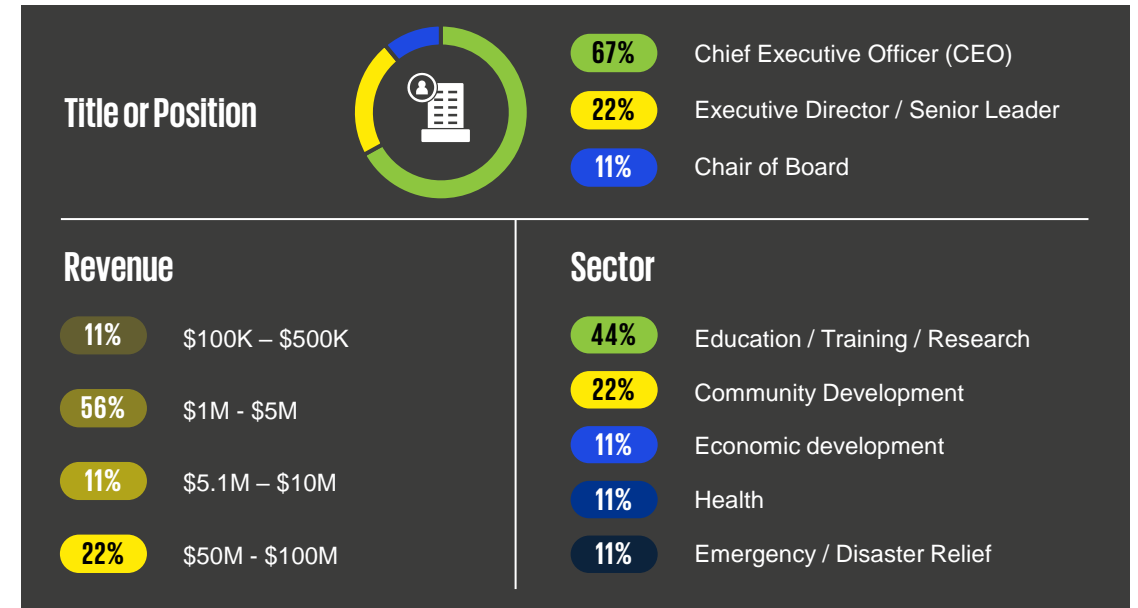
- A review of recent global literature, KPMG research, frameworks and models was undertaken to develop the not-for-profit high performance model and corresponding benchmarks.
- Interviews with sixteen agri-sector leaders were conducted to gain qualitative insights and test the developed framework.
- A range of agri not-for-profits were surveyed to establish an agri not-for-profit benchmark baseline.
- The above research and insights were synthesised to identify and develop three high-level sustainable business model options that might enable agri not-for-profits to be financially resilient, deliver to future sector needs, and achieve pan-sector impact.

## Contributors

This report reflects the ideas and perspectives of significant New Zealand agri food and fibre executive leaders who represent:

- A range of not-for-profits who operate in the agri food and fibre sector
- Agri businesses, cooperatives and industry organisations who partner with agri not-for-profits to promote, co-create and deliver value for beneficiaries.
- Large commercial and government organisations who provide or extend resources to agri not-for-profits, such as funding, knowledge, and capability.

## Agri not-for-profit participant demographics:



# How to utilise this report

## This report is presented in two parts:

In the **first part**, the report covers the Not-for-Profit High Performance Model that articulates the eight common key traits shared by high performing not-for-profits. We include an overview of the current performance of agri not-for-profits against this performance model based on survey results and interviews. The report then takes a deeper dive into each specific high performance trait, providing insights, corresponding benchmarks and key considerations unearthed through primary and secondary research.

The **second part** explores sustainable business model options based on the opportunities characterised within this report to inspire innovation efforts.

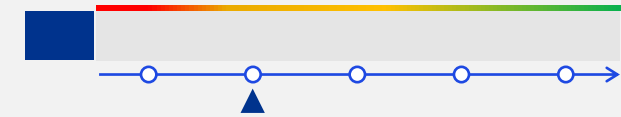
As you explore this report and utilise its tools to evaluate your own organisation, it is important to note that 'best practice' must be viewed through the lens of an organisation's mission, objectives, and strategy. Subsequently, the insights and tools presented in this report serve, first and foremost, as a mechanism to identify possible performance gaps and areas of continuous improvement.

Therefore, to get the most out of this report, we recommend the following steps:

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### Identify Current State

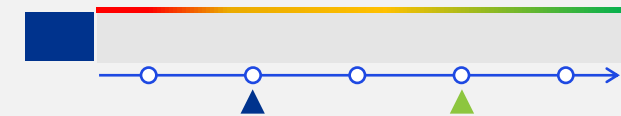
Review your organisation's performance through the lens of each high performance trait, and plot your current state performance utilising the benchmarks presented at the end of each section:



02

### Identify Target Future State

Determine and plot your desired future state based on your organisation's mission and objectives, and strategy:



03

### Identify Focus Areas

Understand the gap between the current state and the future target state to determine areas of improvement:



04

### Commit, Innovate, Evolve

Ensure organisational buy-in, prioritise improvements, seek solutions, and set a clear path and trajectory for change. Utilise the business model options presented in this report as inspiration.

03

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# Not-for-Profit High Performance



# Not-for-Profit High Performance Model

The not-for-profit (NFP) High Performance Model articulates the eight common key traits shared by high performing not-for-profits, irrespective of age, size, core activity, and issues or sector focus.

This model has its foundations in the KPMG Enterprise DNA high performance model, originally developed through work with Te Hono and further extended through subsequent research into the performance of successful New Zealand SMEs, privately-owned businesses and organisations in the agri-food sector.

The NFP High Performance Model was refined and validated through research into high performance models in the commercial and not-for-profit sectors, interviews with agri not-for-profit organisations, and key Government and business stakeholders in the agri food and fibre sector.

## High performance produces high-impact

It is important to note that inherent within each performance trait is the value delivered to the people or beneficiaries at the heart of a not-for-profits cause. Subsequently, high performance achieved within each trait collectively produces high impact.

## Deployment Discipline

High-impact not-for-profits relentlessly focus on executing their core mission. They invest in innovation and adopt a fail-fast mentality when things are not working.

## Pivotal Leaders

Pivotal not-for-profit leaders set the rhythm of the organisation. Through persistent resilience, humility, and relentless service, they mobilise passion to drive impact.

## Funder Intimacy

Building an intimate relationship with funders is a significant focus for high-impact not-for-profits

## Connection & Collaboration

High-impact not-for-profits value the exponential power of partnerships, collaborations, and alliances. They work across the value chain to increase the efficiency and depth of their impact.

## Investment & Resource Allocation

High-impact not-for-profits understand the importance of balancing investments to fuel their impact now and in the future. Investment and resources that are not delivering impact are ruthlessly cut and diverted.

## Ambition & Attitude

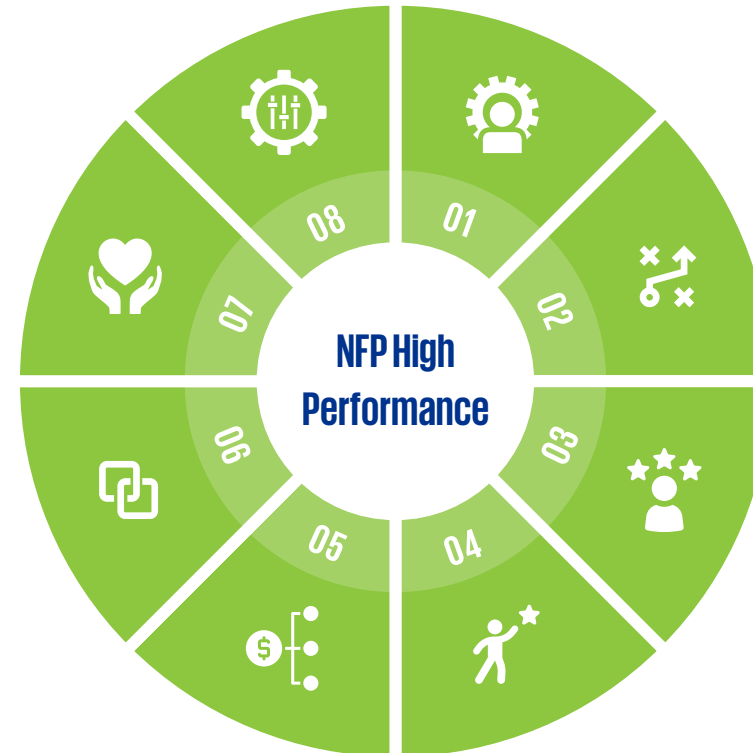
High-impact not-for-profits have clear and long-term ambitions to deliver lasting impact

## Strategic Anchor

At the core of every high impact not-for-profit is a distinctive and strategic purpose, which is never compromised.

## Capable People

High-impact not-for-profits take great care in selecting and nurturing high performing individuals with the right culture fit.

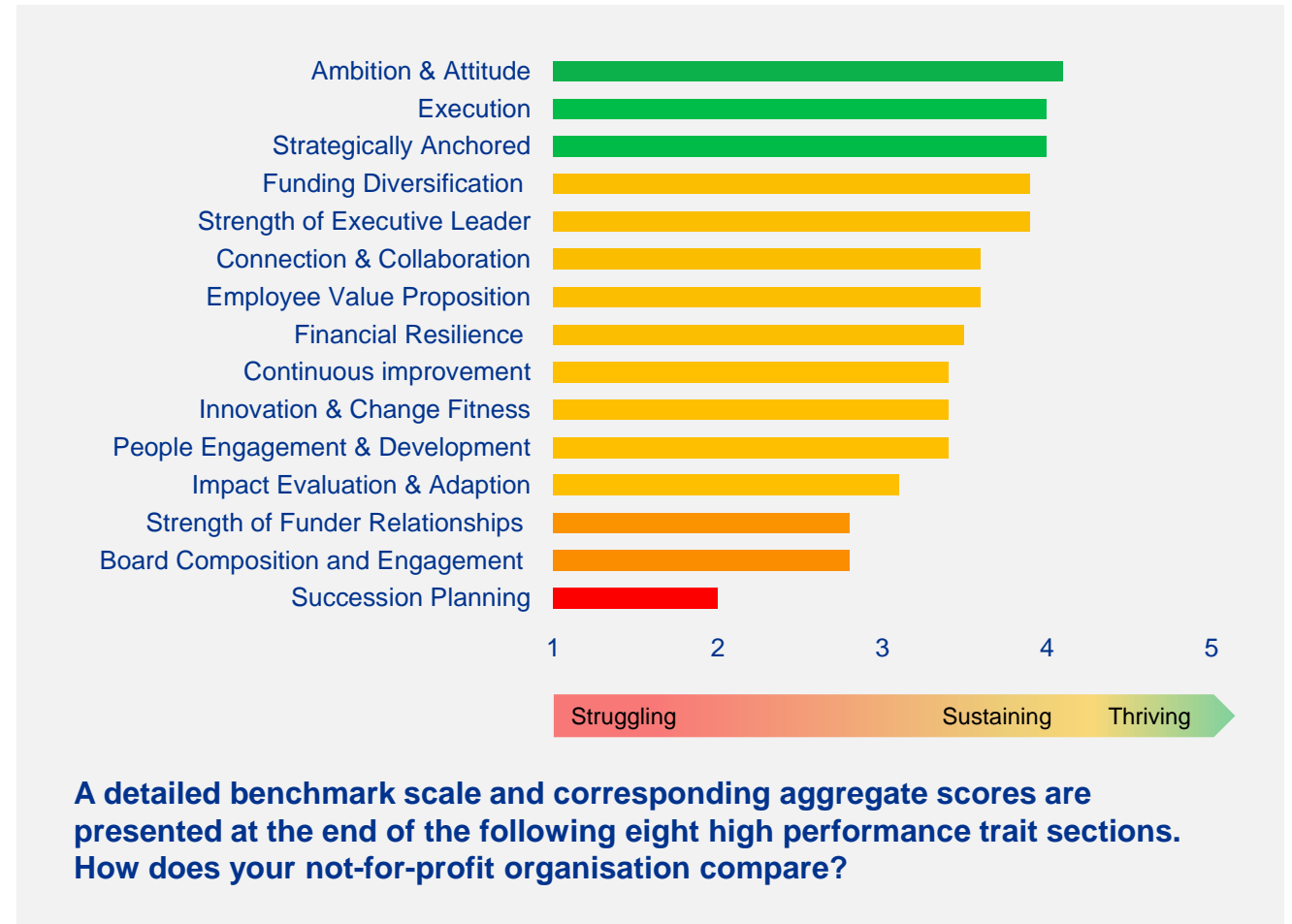


# Performance Benchmarks: Are Agri Not-for-Profits High Performing?

This graph is a summary overview of the current perceived performance of agri not-for-profit research participants. These aggregated scores reflect the self-assessments of the agri not-for-profits that participated in this research, and are intended to serve as an indicative baseline for comparison.

## Key themes:

- The sector is ambitious and purpose-driven. There is a willingness to collaborate to achieve long-term impact.
- Boards are often too involved in operational matters, rather than providing strategic oversight and managing risk.
- A short financial runway of 6 to 12 months is worryingly common.
- While some key outcomes can be linked to strategic goals, applied, valuable, informative impact evaluation is rare.
- The donation and funding process is relatively accessible, but most struggle to develop robust and enduring relationships with funders.
- Staff engagement and satisfaction are measured frequently, but a clear process for rewarding and addressing performance is uncommon.
- Succession planning is merely a thought for many. A plan to cover key roles is rare. Many are unable to handle unexpected absences.
- Most try to make improvements, but do not proactively seek or invest in them.



3.1

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# Pivotal Leaders





# Introduction: Pivotal Leaders



## What good looks like

Pivotal not-for-profit leaders set the rhythm of the organisation. They mobilise passion to drive impact through persistent resilience, humility, and relentless service.

Armed with a team of diverse leaders across the organisation (Board, Executive, and team level), pivotal not-for-profit leaders harness the collective strength of many. They articulate a united mission and find the courage to live it.

Without pivotal leaders, the chances of successfully linking the other high performance attributes are remote at best.

High-impact not-for-profits understand this, building a sustainable leadership pipeline through proactive succession.

## Current Context

**High performing leadership is synonymous with success.**

Agri not-for-profits agree that leadership is a critical performance determinant important to future sustainability. However, many noted leadership capability and availability as prominent weaknesses in the sector.

Likewise, Government and business partners identified leadership and governance as leading pre-investment and collaboration considerations.

The ability of not-for-profits to secure longer-term funding and partnership commitments hinges on their leadership capability and track record.



# Insights: Pivotal Leaders



## Pivotal Leaders: who are they?

A pivotal leader is not just a formal role. Pivotal leaders can be found throughout a high performing organisation: CEO, Executive, Board, Staff and Volunteer levels included. High performing not-for-profits are armed with a team of key leaders with diverse characteristics, capabilities and connections.

## Pivotal Leader Characteristics

Not-for-profit leaders do not all lead with the same style, have the same experiences, or share the same personalities. What they do share is a demanding role, learnt wisdom, and a consistent view of what it takes to lead a not-for-profit:

### Humbleness

Valuable foresight and critical relationships will be cultivated by those who listen and can engage with everyone and anyone. As one contributor put it, *‘those who thrive will be the ones looking out the window, not in the mirror.’*

### Resilience

A thick skin and a robust sense of self-purpose are needed to withstand the mounting levels of accountability and stakeholder scrutiny alongside the constant demands on a leader’s time and energy. The future requires not-for-profit leaders to boldly step outside the norm - embracing uncertainty, vulnerability, and potential failure to test new approaches.

### Relentlessness

Fearless fanaticism, personal sacrifice and a tireless work ethic are often needed just to survive. Leaders consistently expressed how personal significance must be found within the cause, the success of their people, and their collective impact – enabling authenticity and alleviating remuneration disparities. Not-for-profit leaders must identify closely with the organisation and be committed to the long-term.

### Interdependence

Simply put by one contributor, *‘leaders who rely on their strength alone burn out, leaving the organisation in disarray.’* Leaders who cultivate a team of trusted mentors, advisors, and fellow pivotal leaders who share the load, are better equipped to lead in the long term.

# Insights: Pivotal Leaders



## High Performing Board Attributes

As not-for-profits face more demand, competition and public scrutiny, their future sustainability will rely increasingly on a robust system of governance and a strong visible board. High-impact not-for-profits know this, arming themselves with a Board composed of people who are diverse, committed, generous, and united.

## Diverse

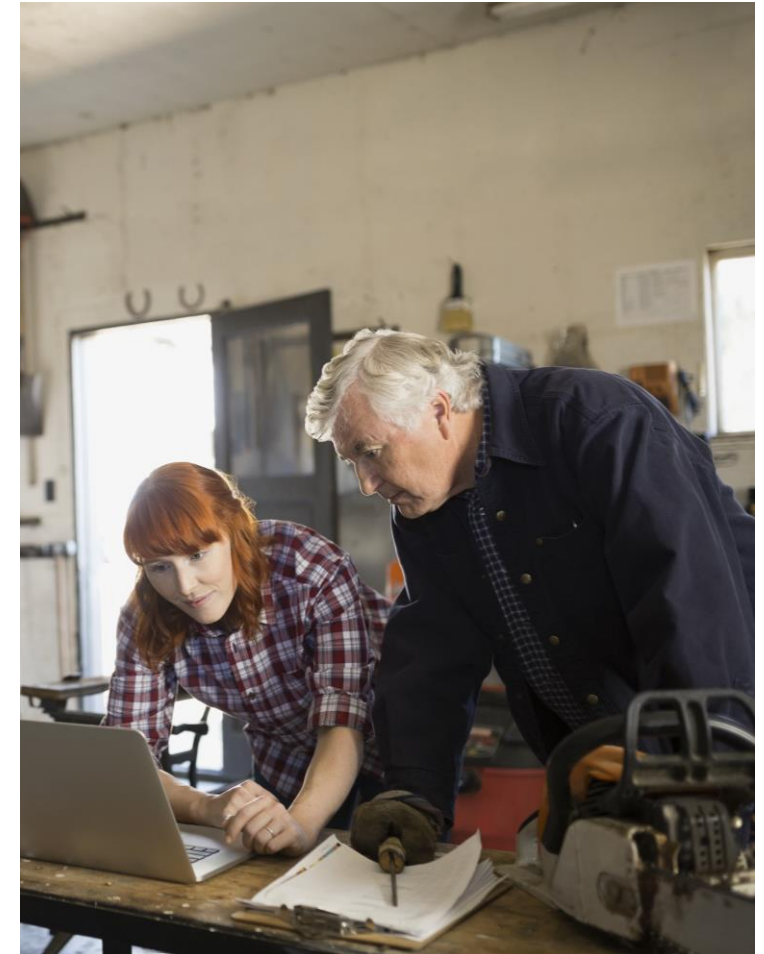
Those not-for-profits who foster an ability to think differently will be the leaders of tomorrow – solving the problems others have not.

The Board provides a platform where collective intelligence, unique perspectives, and various backgrounds can be harnessed to navigate the issues faced today and tomorrow.

Agri not-for-profits believe more priority needs to be given to improving board composition and balance to ensure diversity of thought, capability, and experience.

A lack of diversity often stems from a lack of effective recruitment strategies and succession planning. A formal strategy for recruiting new Board members is valuable. Board recruitment efforts should include capability, experience, and diversity targets complemented by a proactive headhunting investment.

High-impact not-for-profits understand that while diversity can enhance decision-making, it can just as quickly inhibit it. Therefore, introducing new Board members should be done carefully to avoid compromising a high performing Board culture.



# Insights: Pivotal Leaders



## Committed

Although Board members often serve as volunteers, their responsibilities and liabilities are not vastly different to those of compensated for-profit Boards.

Board members need to be engaged, understand their responsibilities, and be committed to devoting the necessary time and effort to carry out their roles diligently.

The prevailing perception is that not-for-profits are a training ground and pathway to more lucrative commercial governance roles. This can result in the appointment of Board members who engage for the wrong reasons, have lower capability levels, or lack the requisite motivation and commitment to the cause. Contributors reaffirmed this perception during interviews.

While this may be true in some cases, it provides an opportunity for not-for-profits to acquire needed qualified capabilities, knowledge and experience through the intrinsic non-financial benefits of the role.

Crafting and communicating a compelling Board member value proposition will go a long way in attracting and retaining Board members who can bring vision, drive and industry experience combined with commercial acumen.

High performing not-for-profits have procedures for assessing and evaluating the executive leaders, individual board members, and the performance of the collective board. These procedures, if robust, should encourage Board members who lapse in commitment to resign.

## Generous

Board members should actively engage in fundraising to ensure financial sustainability, supporting impact and mission fulfilment<sup>3</sup>. But should they be called upon to open their wallet?

High-value not-for-profits are governed by generous Boards, not just with their time but with their wallet.

Board members' generosity sits on a spectrum. At one end are Board members who are highly engaged, hands-on, and generous with their time but contribute little financially. While on the other end are Board members who generously give from their own wallet or reach into their philanthropic networks, but *'provide little governance other than a few 'strings attached' demands'*.

Research shows that high levels of Board engagement often coincide with high Board monetary contributions<sup>3</sup>. Both Board engagement and Board giving have a positive correlation - the more a Board member gives, the more engaged they become, and vice versa<sup>3</sup>.

While not all not-for-profit Boards are formed with fundraising as the goal. When the need arises, why not start with the Board, who surely are keen to back the organisation they guide?

# Insights: Pivotal Leaders



## United

Contributors noted that ‘if boards become conflict-avoidant, their ability to make sound decisions, leverage diversity, and think outside the box is limited to the loudest person in the room’.

A high performing Board leverages differing views and opinions to make robust and innovative decisions, requiring an atmosphere where challenging questions are asked and assumptions and perspectives are explored and tested. To achieve this, a foundation of mutual trust and respect, strong enough to withstand what could otherwise be deemed conflict is necessary.

A mission united Board with shared values, and clear rules of engagement will cultivate valuable levels of trust and mutual respect. Not-for-profit Board members often share a similar passion or devotion to the cause which can be leveraged to form an immediate bond through existing cause-aligned shared values.

To ensure this bond is strengthened, Boards should consider setting and agreeing on clear rules of engagement that keep Board members focused and accountable for unproductive behaviours.

Consideration might also be given to extending Board terms to allow for sufficient time to develop strong bonds, a united direction and enduring momentum.



## Leadership Succession Planning

The value of effective leadership at the executive and board levels cannot be understated. However, finding and retaining pivotal leaders is often easier said than done.

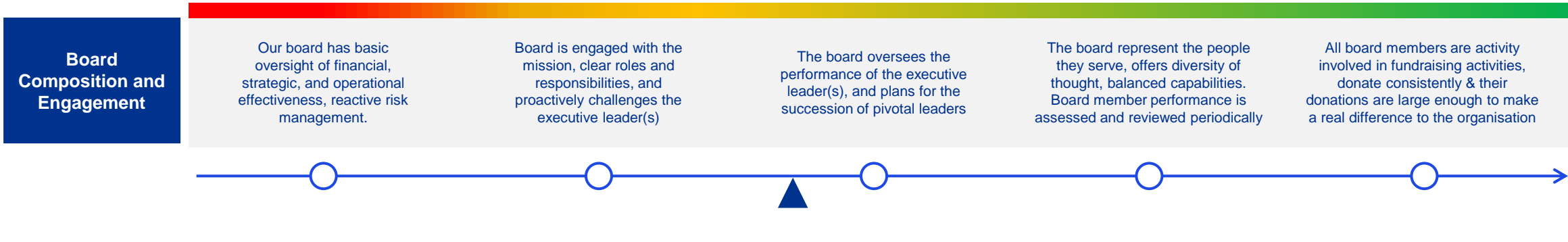
High impact not-for-profits of the future will be those who proactively work to ensure their leadership bench is stacked with people whose skills match their current and future needs.

Leadership succession planning is not just about retirement planning. It’s about having the right people in place at the right time who are equipped to meet needs as they arise – ensuring organisational stability, momentum, and relationship preservation.

Not-for-profits who do not have an active succession plan are left susceptible to unexpected long-term absences.

Not-for-profit leaders, regardless of the size of their organisation, cultivate a strong leadership pipeline through tactical hiring, role progression and succession practices.

# Benchmark: Pivotal Leaders



**Struggling:** may struggle to deliver today

**Sustaining:** can meet current demands.

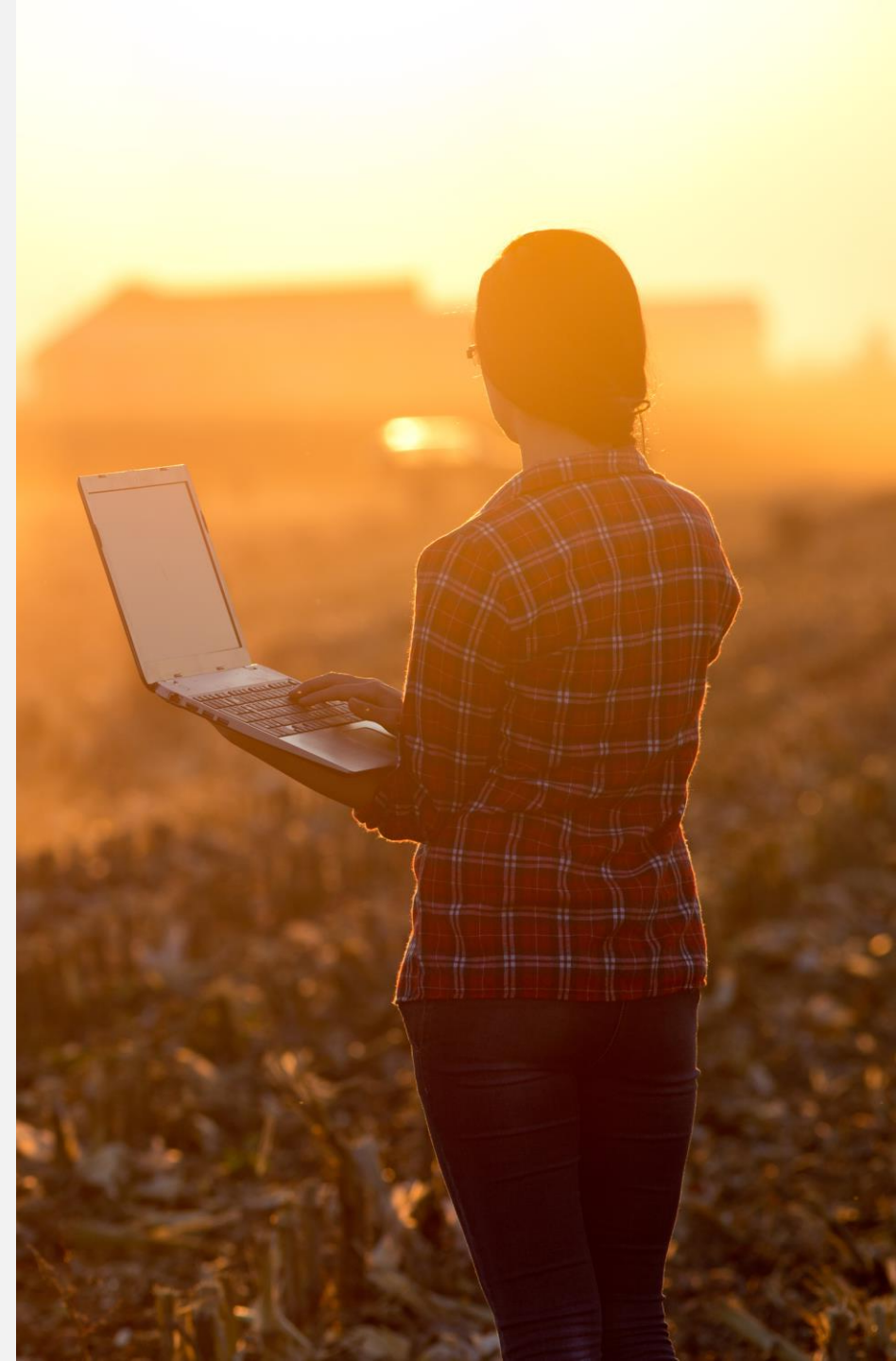
**Thriving:** positioned to deliver now and into the future.

**▲** Average self-assessed scores of Agri-not-for-profits who participated in this research.

# Key Considerations: Pivotal Leaders

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- What are the leadership capabilities and qualities required (Board and Executive level) to drive the performance of our organisation?
- What is the right mix of skills, knowledge, experience, and diversity of leadership across our organisation, and how will we achieve this?
- How might we attract and retain leaders (Board and Executive level) that are 'fit for purpose' for the organisation – capabilities, experience, values, passion, purpose?
- How might we equip and enhance the capability of our current and future leaders across the organisation to effectively drive our organisation forward?
- How do we encourage and empower our leaders to ask challenging questions, test assumptions, and explore innovative options?
- What are our expectations of our Board members and how do we leverage their capabilities to deliver on the our organisational mission?
- How should we manage the performance of our leaders?



3.2

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# Strategic Anchor





# Introduction: Strategic Anchor



## What good looks like

At the core of every high-impact not-for-profit is a distinctive and strategic purpose, which is never compromised.

Acting as a guiding star and lens through which every decision is viewed, a clear purpose is deeply engrained at every level.

## Current Context

**In an increasingly challenging funding environment, some not-for-profits are haphazardly redefining who they are to survive.**

Lacking long-term funding sources, many not-for-profits fight to secure narrowly focused funding aimed at the delivery of specific services or programs.

Consequently, some not-for-profits compromise their identity and blur their mission, in an effort to meet these funding requirements. As one contributor stated, some not-for-profits *'are trading their soul to balance their bottom line'*.

Paradoxically, potential long-term strategic partners, funders and everyday givers are wary of such not-for-profit organisations - perceiving their lack of cohesion and commitment to a clear purpose and value proposition as an aversive indicator of an ability to deliver on anything well.

Business contributors were more blatant in their aversion to not-for-profits who are blurry on their purpose and value proposition. They quickly divest and end relationships with not-for-profits who are not strategically anchored.



# Insights: Strategic Anchor



## Purpose Anchored

A strategic anchor sets the organisation's direction through the current environment and into the future.

A key theme that emerged from our conversations was the need for not-for-profits to be anchored by their strategic purpose.

Contributors concur, that being strategically anchored to a clear purpose positively impacts an organisation's authenticity, increasing engagement with the right funders and stakeholders with its cause.

Knowing who you are, why you exist, and what defines you are critical to resilient decision making, visibility of scope, and strong stakeholder relationships.

## Stakeholder Trust

Not-for-profits must have a clearly articulated and durable purpose within any given time or context.

For many potential partners and funders, their trust depends on the integrity of a not-for-profits purpose, which is the heart of its identity. This trust is weakened when not-for-profits inconsistently communicate their purpose or blur it because the wind is blowing in a different direction.

Long-term partnerships and collaboration opportunities, that contributors believe are crucial to future resilience, require trust and equally a demonstrated anchored purpose.

Business contributors stated that alignment with strategic priorities is the most crucial factor when partnering in today's environment. They need to both identity with a not-for-profits purpose and trust in its integrity to feel comfortable committing in the long-term



# Insights: Strategic Anchor



## Distinct

High performing not-for-profits stand out as they have a purpose that is distinct from those around them.

Even in the agri sector, the not-for-profit landscape is crowded with many not-for-profits operating in the same space, fuelling competition, duplicating effort, and diluting impact.

Without a distinct purpose, many not-for-profits acknowledge they will struggle to maintain their future relevance. Not-for-profits must understand and clearly articulate their unique value proposition and competitive advantage.

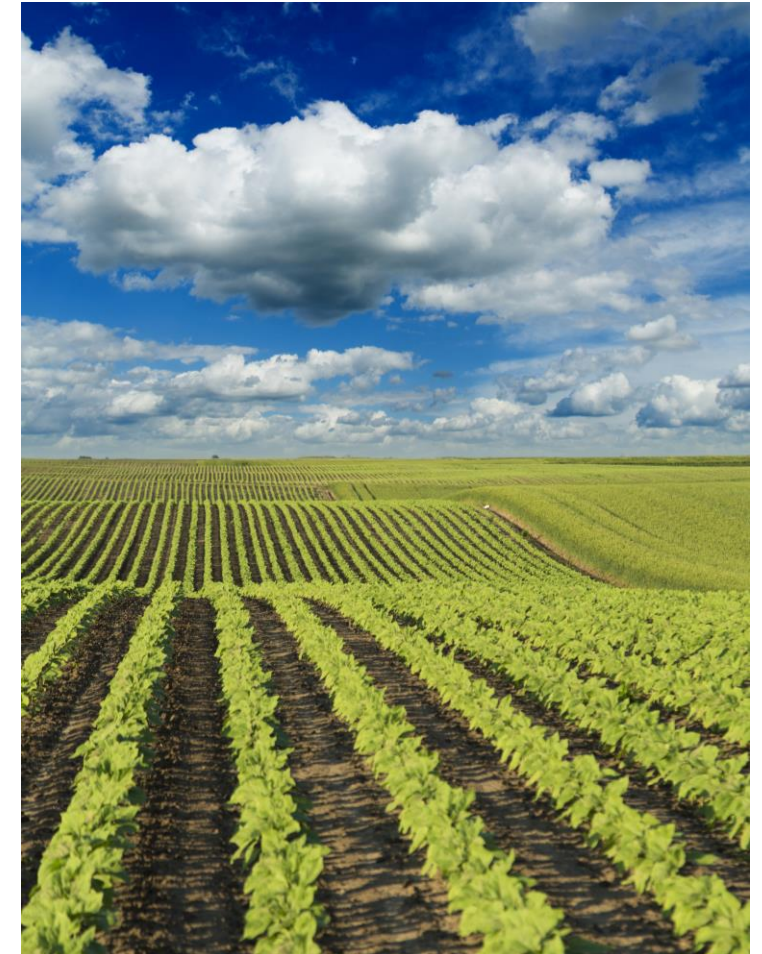
There is a desire for not-for-profits with synergies to come together and unite for the greater good of the sector

## Anchored Decision Making

Anchors must be understood and considered at all levels of the organisation when making decisions; otherwise, they will likely be compromised.

When a set of core principles cohesively guides an organisation, decision-making capabilities are amplified at all levels, resulting in greater engagement, buy-in, decision-making efficiency, speed, accountability and consistency. Everybody in the organisation must be anchored in these core principles, defaulting to them when making decisions to achieve this.

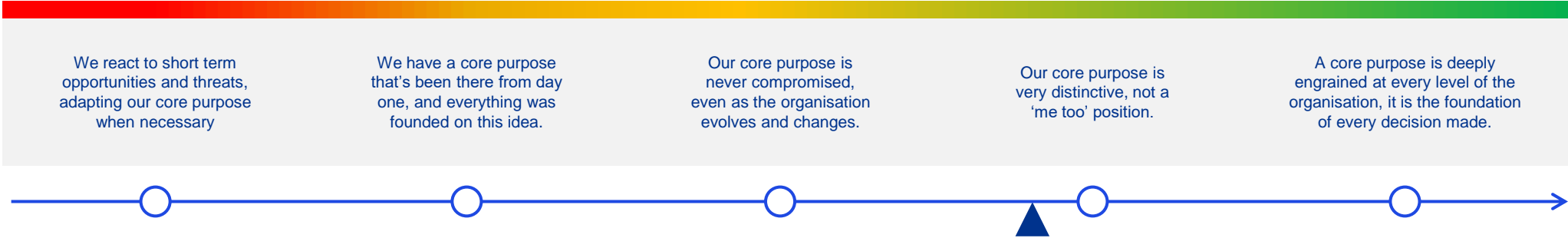
Leaders play an essential role in ensuring anchors, such as a not-for-profits purpose, are constantly front of mind. Internal awareness, accountability, and a deep understanding of purpose must be driven from the top.



# Benchmark: Strategic Anchor



## Strategically Anchored



**Struggling:** may struggle to deliver today

**Sustaining:** can meet current demands.

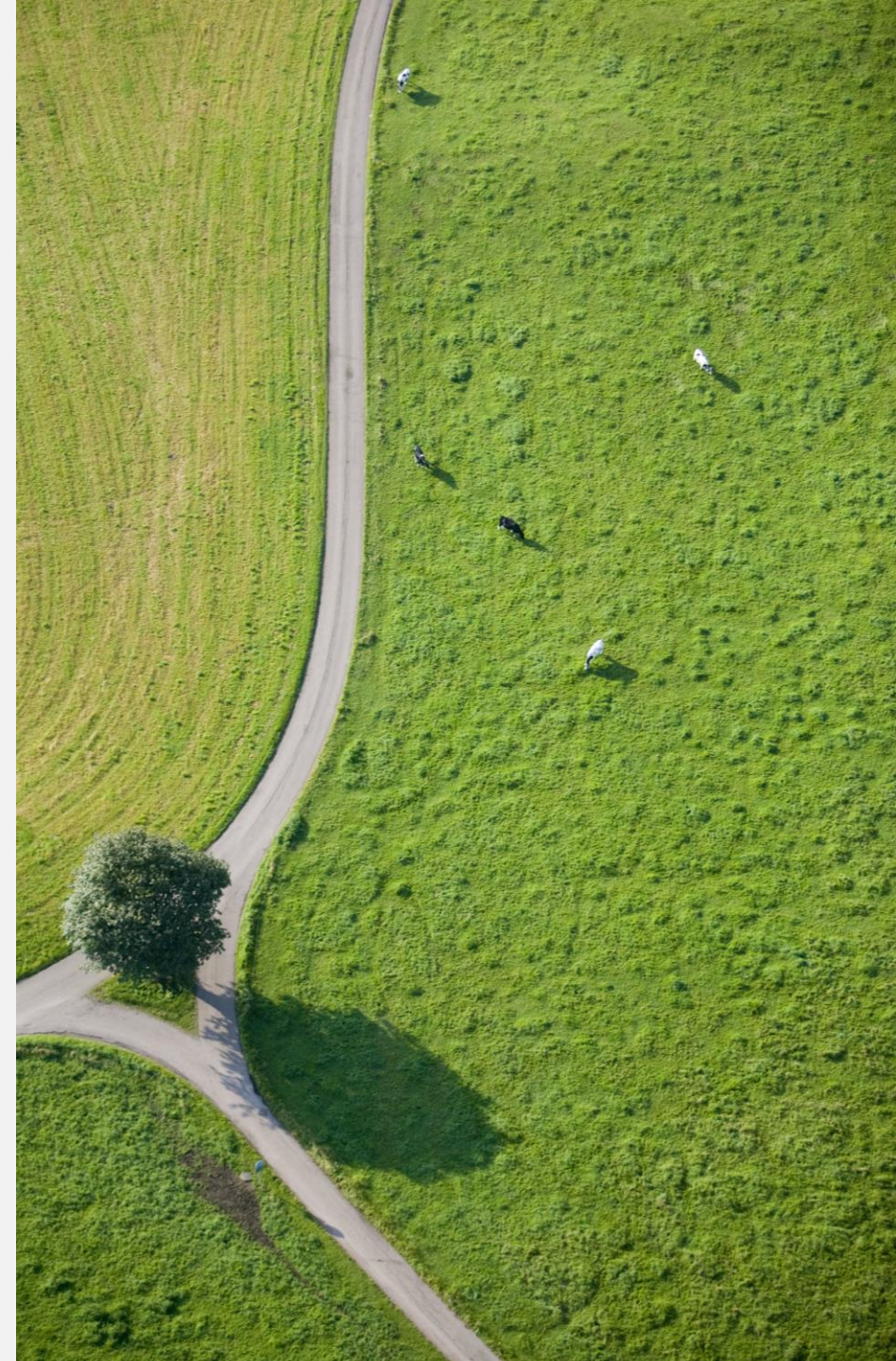
**Thriving:** positioned to deliver now and into the future.

**▲** Average self-assessed scores of Agri-not-for-profits who participated in this research.

# Key Considerations: Strategic Anchor

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- What is our strategic purpose, and is it distinct?
- How does our strategic purpose drive decision-making across our organisation?
- What is our unique value proposition?
- How do we create and deliver unique and impactful value (competitive advantage)?
- How might we articulate our purpose and unique value proposition in a compelling way to our key partners and stakeholders?
- How might we engage our entire team with our purpose so that it motivates high performance?



3.3

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# Capable People



# Introduction: Capable People



## What good looks like

High-impact not-for-profits take great care selecting and nurturing high performing individuals with the right culture fit.

Powered by passionate individuals united by a common purpose, often superseding financial gain, high-impact not-for-profits don't take their employees and volunteer capability for granted.

## Current Context

**Not-for-profits have an invaluable advantage in recruiting passionate people.**

Innate in their cause-based mission, not-for-profits offer access to meaningful work alongside like-minded people. While this is a draw card for an increasingly purpose-driven workforce, it can quickly become a 'nice to have' when people feel no career or personal growth opportunities exist.

Not-for-profit leaders acknowledge that their people desire growth and development opportunities often above other incentives. Yet, many admit their efforts to identify opportunities for people to progress are minimal, citing constraints on time and resources.

The current employment market is making finding and retaining talented staff tough, and the not-for-profit sector is not immune to this challenge. Not-for-profits, who already feel that they operate on the 'smell of an oily rag', are struggling to maintain fully resourced teams, leading, in some cases, to operational fatigue and employee burnout.



# Insights: Capable People



## Attractive & Addictive Culture

High-value not-for-profits take great care in nurturing high-performing individuals through an engaging and rewarding workplace culture.

A good culture is described as one where everyone is valued, can bring their whole selves to work and most importantly, are encouraged and rewarded.

High impact not-for-profits prioritise culture and hold it in high regard to ensure a sense of belonging and an undistracted mission-united focus.

Many contributors note that finding the right people who will complement an existing culture can be difficult. Hiring practices, that are both proactive and patient, must therefore be developed and maintained to ensure adequate levels of capacity are maintained without compromising culture.

Culture is propagated from the top. Appropriately, many identified the standard three-year governance term as a significant barrier to maintaining a lasting culture. Not-for-profits may want to re-evaluate this term to boost cultural endurance and aid sustainability efforts going forward.

Younger generations are highly purpose-driven. This highlights an opportunity to attract talent that may have typically been deterred by the comparatively higher remuneration offered by the for-profit world. To leverage this opportunity, not-for-profits must ensure their purpose is clear and compelling, and well-articulated both within the organisation and externally.

As contributors noted, *‘when the core purpose of an organisation aligns with that of the people, it creates a powerful and united culture that is both attractive and addictive’*.





# Insights: Capable People



## Let them go and grow stronger

High achieving not-for-profits have a vision that drives them well into the future. One key factor of this success is whom they build up to take on this journey with them.

Succession planning is as important for staff as it is for leaders. Building up current employee capabilities will allow them to continue to make their way up in the organisation and deliver on their vision in the long term.

However, 'making your way up' in a single not-for-profit organisation may not be sustainable in the future. Instead, it might be mutually beneficial to encourage passionate employees to chase cross-sector experiences, with the plan to return to the organisation with new capabilities, ideas, and networks later.

Not-for-profits may need to consider the benefit of targeting alumni and attracting employees back who have gained experience elsewhere.

## Flexible working models

Talent growth and development must be a priority for both the agri-food and not for profit sector, both as a critical enabler of delivery, and as a desired employee incentive.

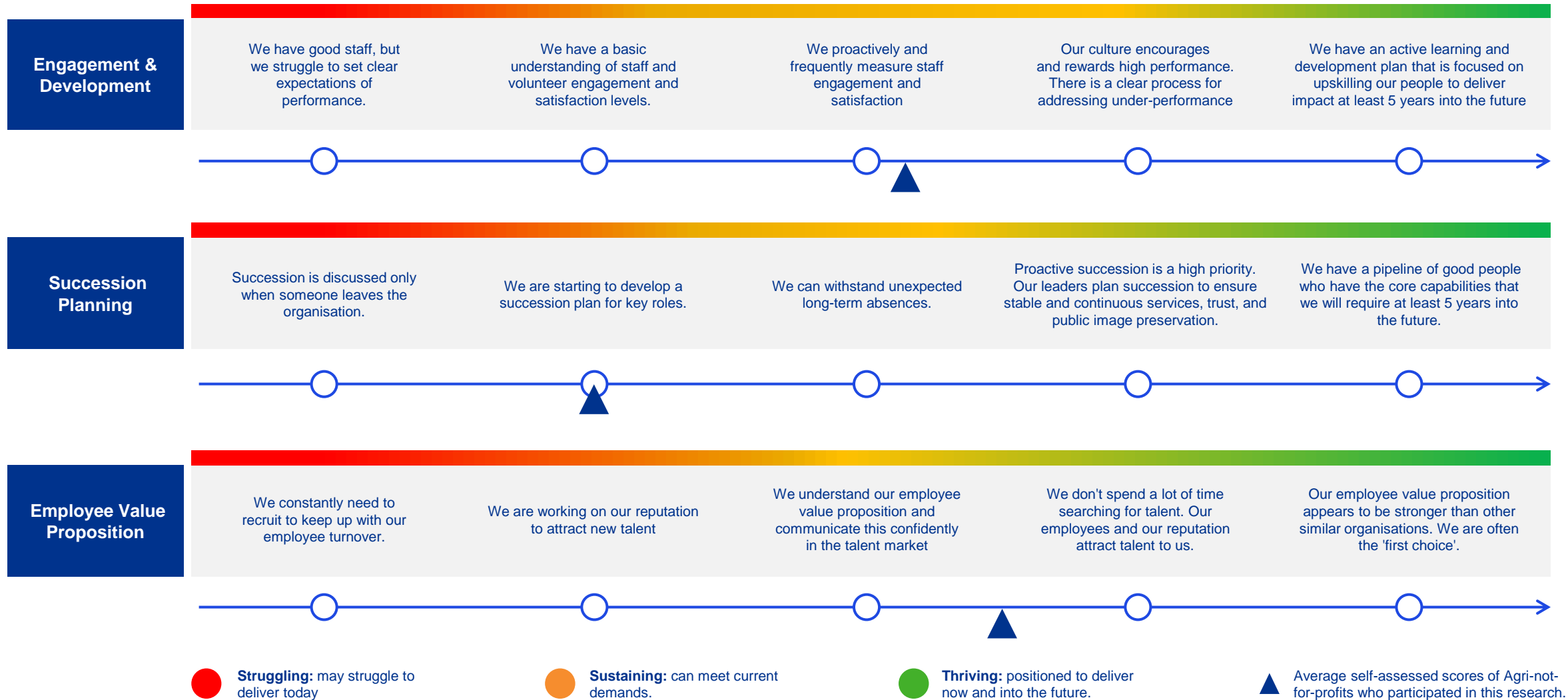
Not-for-profits should consider leveraging synergies and flexible working models to gain access to talent and support the growth and development of their people, including:

Establishing cross-sector coaching and mentoring networks to provide opportunities to learn not just from the best in the not-for-profit world but the best in the world.

Talent sharing schemes and secondments to propagate cross-sector experience, benefiting both organisations and the individual in the process.

Embracing flexible working policies that embrace momentary operational needs and the demand for flexible lifestyles - making room for the growing 'gig economy' where temporary, flexible or freelance jobs are commonplace.

# Benchmark: Capable People



# Key Considerations: Capable People

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- What is our unique employee value proposition?
- How would we describe our desired workplace culture?
- How does our workplace culture drive a high-performing team?
- Do we look for shared values and mission alignment when hiring staff?
- How might we provide or enable opportunities for our people to develop their capabilities and experiences (e.g. talent sharing)?
- What are we doing to prioritise personal and career development?
- How might we provide more flexible working policies and arrangements?



3.4

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# Ambition & Attitude



# Introduction: Ambition & Attitude



## What good looks like

High-impact not-for-profits have clear and long-term ambitions to deliver lasting impact beyond the point of breakthrough.

They are confident while recognising that they don't have all the answers.

They actively seek insight and knowledge to help them achieve their goals.

## Current Context

**Not-for-profits are often born out of an ambition to make a meaningful impact for the better.**

A well-balanced ambition powers creativity, innovation, and the energy to reach new heights and deliver lasting impact.

Maintaining a healthy level of ambition has not been easy amidst the recent period of uncertainty cultivated by COVID-19. This time has prompted a period of reflection and reevaluation of aspirations for many organisations, including not-for-profits.

Not-for-profits have a desire to achieve their short-term mission, but often little thought is given to what is next.



# Insights: Ambition & Attitude



## Amplified Ambition

A critical success factor for high-performing not-for-profits is a relentless desire to achieve and be better in every way.

However, not-for-profits tend towards insular thinking – often lacking the big-picture thinking you would expect to see from a purpose-driven organisation. As one contributor bluntly noted, *'[we] need to stop being so allergic to big ideas'*.

Navigating a pathway through the increasingly 'VUCA squared' world will demand a more ambitious mindset<sup>2</sup>, hungry for opportunity and motivated by a clear purpose. Not-for-profits must embrace an appetite to perform at their best, grow, and feel good about it.

<sup>2</sup> KPMG Agribusiness Agenda, 2022

## Humbled Attitude

Ambition is the power that drives a not-for-profit to reach new heights. A humble attitude is the heart that gets you there safely.

Government and business contributors look to partner with not-for-profits who are confident but not arrogant in their approach. Many feel not-for-profits are often reluctant to communicate underperformance or proactively seek help before they start to struggle.

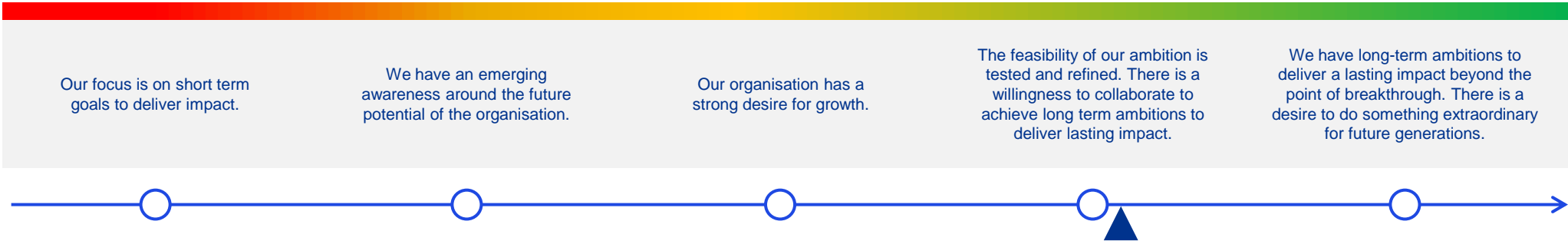
High-performing not-for-profits actively seek insight and knowledge to help them achieve their goals. They are ambitious but not reckless. They do not ignore the advice of others and actively look for opportunities to share and leverage wisdom.



# Benchmark: Ambition & Attitude



## Ambition & Attitude



**Struggling:** may struggle to deliver today

**Sustaining:** can meet current demands.

**Thriving:** positioned to deliver now and into the future.

**▲** Average self-assessed scores of Agri-not-for-profits who participated in this research.

# Key Considerations: Ambition & Attitude

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- Are our goals ambitious and motivating?
- Are our ambitions clearly defined?
- How might we encourage bold and courage 'big picture' thinking and actions?
- Do we have an appropriate understanding of the 'big picture' that the organisation exists within?
- How might we foster an environment where we are comfortable seeking and sharing insight and knowledge with other organisations that will help our organisation grow?
- How might we foster a continuous improvement mindset across our organisation?
- How might we use transparency around underperformance to drive improved future performance?





3.5

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# Investment & Resource Allocation



# Introduction: Investment & Resource Allocation



## What good looks like

High-impact not-for-profits understand the importance of balancing investments to fuel their impact now and in the future.

They intentionally invest in diverse funding sources and operational surpluses to ensure mission-ready resilience and viability.

They measure the depth of their impact and efficient contribution to the cause.

Investments and resources that are not delivering impact are ruthlessly cut and diverted.

## Current Context

**In today's environment, not-for-profits are being asked to do more for less.**

Demand is up while donations and volunteering are down, so there is increasing pressure on not-for-profits to be more investment and resource-efficient.

Impact evaluation capabilities will be crucial to the future sustainability of not-for-profits.

Those who can show where investment is going, its relevance, and the impact return on investment will better attract long-term partners and funding commitments.



# Insights: Investment & Resource Allocation



## Measure for Impact

High-performing not-for-profits measure their impact and articulate their value to partners and key stakeholders. This helps ensure long-term financial resilience through key partnerships and funding longevity.

Businesses are more likely to become longer-term collaborators when they can see and communicate their contributions to the impact created for the common cause.

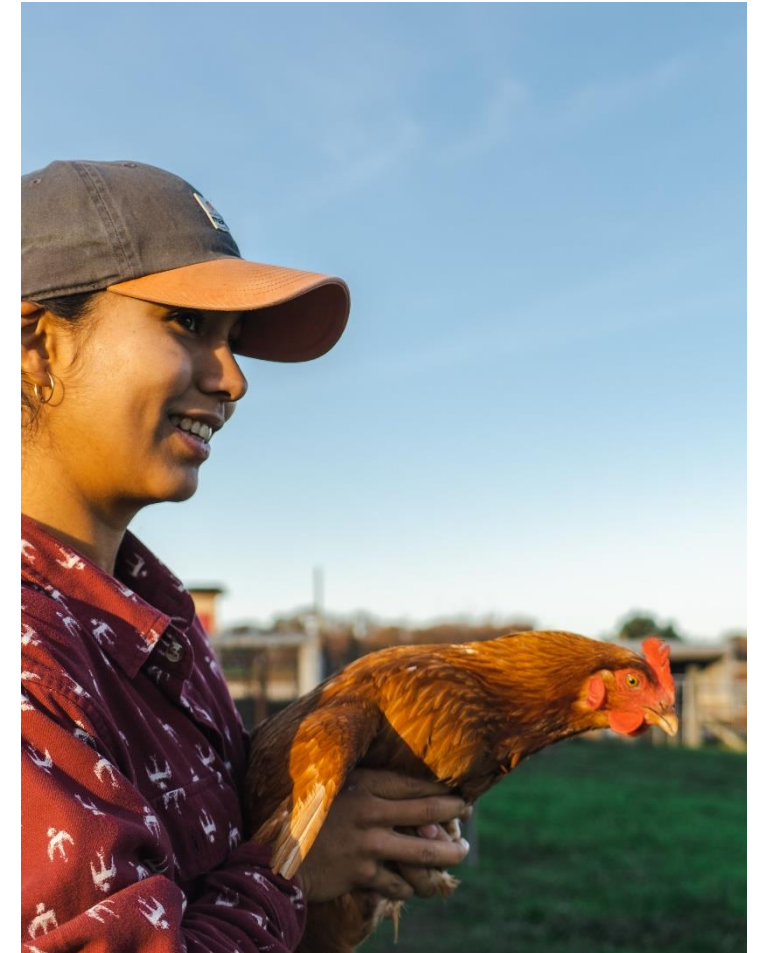
Impact measurement capability and quality also influence impact management, helping organisations to be more targeted, accountable, and transparent in investing finite resources across mission-critical activities. This results in greater efficiency and improved return on investment.

Exceptional impact measurement capabilities enable not-for-profits to be ruthless and diligent in cutting and rediverting investments that are not delivering impact.

Measuring impact in the not-for-profit world is notoriously difficult due to the nature and complexity of the issues they target. Not-for-profits employ a broad range of impact measurement approaches. Many admit their current approach is not sufficiently robust, useful, considered or benchmarked. At the same time, others struggle to find and deploy the capability, resources, and systems to carry out frequent and robust impact measurement analysis.

High-performing not-for-profits utilise a mixture of measures to track the short-term and broad, long-term impacts of their specific contributions. All measures are directly connected to their mission and are used to inform decisions and communicate impact.

Impact measurement alongside financial metrics is crucial to the economic resilience of a not-for-profit.



# Insights: Investment & Resource Allocation



## Invest in the Future

Adequate funding allows organisations to thrive and is a high priority for all not-for-profits.

Although not-for-profits are not generating profit, a healthy operational surplus should be maintained to ensure the resilience of the organisation to weather lean times or unexpected events such as a downturn in funder sentiment, unexpected challenges in project delivery, promised funding that does not materialise, or black swan events like COVID-19.

Not-for-profits must balance their investment in short-term program delivery and longer-term investments in organisational capability and transformative projects to support growth and resilience.

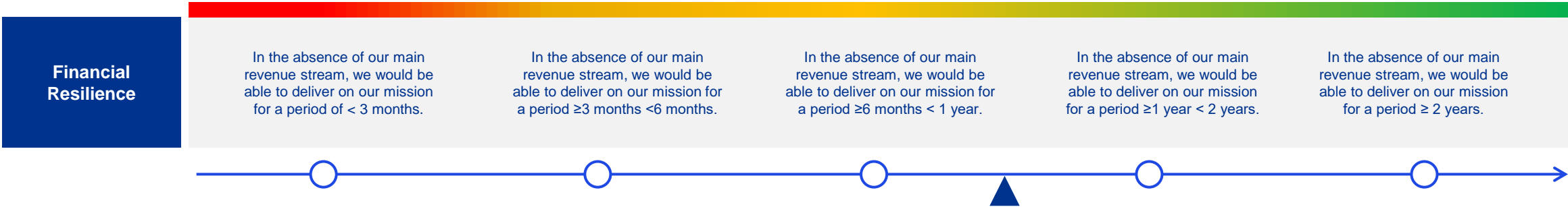
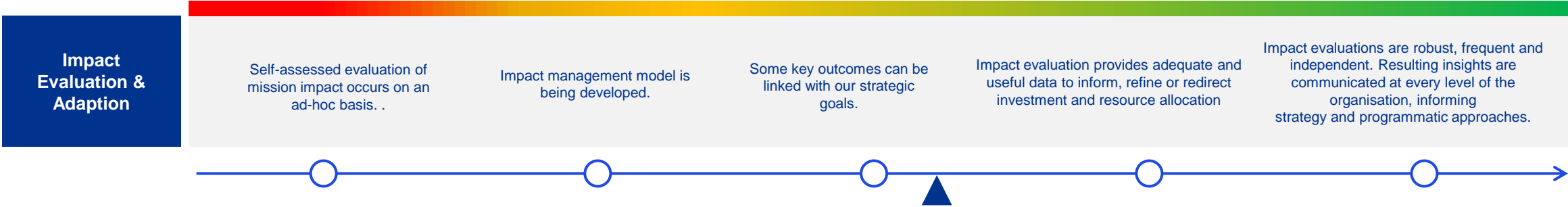
## Diverse funding streams

Access to various funding streams is critical to ensuring future financial sustainability.

A diversified portfolio of funding streams is a smart way to mitigate risk as organisations are not solely dependent on one revenue stream. Not-for-profits should invest in securing short- and long-term funding streams and continually innovate around their fundraising activities.



# Benchmark: Investment & Resource Allocation



● **Struggling:** may struggle to deliver today     
 ● **Sustaining:** can meet current demands.     
 ● **Thriving:** positioned to deliver now and into the future.     
 ▲ Average self-assessed scores of Agri-not-for-profits who participated in this research.

# Key Considerations: Investment & Resource Allocation

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- How might we improve our impact measurement capability?
- Are our current impact measurement approaches robust and appropriate?
- Do we have clarity around where we invest our resources (time and money) and what a good return on investment looks like?
- Do we have adequate control mechanisms to identify underperforming investments and understand how to adapt or divest the activity efficiently?
- How might we secure more funding by demonstrating our return on investment?
- What is our current financial runway? Is this future resilient?
- How might we improve the resilience of our current funding streams? What can be done to diversify these streams better?
- What are the alternative funding streams or fundraising activities that we should explore?
- Aside from fundraising, how might we go about securing critical resources required to deliver on our mission?



**3.6**

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# Connection & Collaboration



# Introduction: Connection & Collaboration



## What good looks like

High-impact not-for-profits value the exponential power of partnerships, collaborations, and alliances.

They actively invest in building, developing, and maintaining cross-sector connections across the value chain to increase the efficiency and depth of their impact.

## Current Context

**Collaboration and partnership are top of mind for many not-for-profits and overall a key agri-food priority<sup>2</sup>.**

Not-for-profits, Government and businesses all expressed a need for better collaboration and partnership.

The recent pan-sector and ‘team of 5 million’ collaborative response to the Covid-19 pandemic has highlighted an ability to collaborate for many, fuelling enthusiasm and equal frustration for more.

It’s time to come together to solve the problems communities and consumers will face in the future<sup>2</sup>. A crucial part of this is partnering, bringing openness to new ways of doing things<sup>2</sup>.

Although not-for-profits feel they are collaborative, they admit they are not as cooperative as they could be to seize opportunities and address future challenges.



<sup>2</sup> KPMG Agribusiness Agenda, 2022



# Insights: Connection & Collaboration



## Pockets of success or duplicated wastage?

The volume of industry organisations and not-for-profits that operate with overlapping scopes, and compete for funding, is a prominent issue for all not-for-profits.

Government, not-for-profit and business leaders all expressed their frustration surrounding the number of not-for-profits who seem to be working in silos to achieve the same outcomes. They are seeing a lot of duplication of effort and corresponding resource wastage and diluted funding streams, resulting in net sub-optimal outcomes for all involved.

The future-fit not-for-profit will successfully leverage partnerships, collaborations, and coalitions to deliver more impact, consolidate spending and obtain buying power.

While not-for-profits agree on the importance of working together, many do not know where to start, and are hindered by the need to justify their expenses to survive.

## Future potential

The not-for-profit sector has the potential to cultivate and deepen its connection with its community and partners to drive a more significant impact in the future.

### To seize this opportunity, not-for-profits need to focus on:

- Understanding their value in relation to others in the sector
- Actively seeking mutually beneficial partnerships
- Identifying collective innovation opportunities.



# Insights: Connection & Collaboration



## Businesses seek deeper relationships

Business leaders are seeking a shift from the traditional, more transactional funder or sponsorship relationships with not-for-profits to longer-term and deeper relationships where they are active collaborators.

They feel their transactional partnerships with not-for-profits will not satisfy their future 'return on investment' needs and motivations.

Many acknowledge that some of their current relationships will no longer be desirable, as they seek to partner with more strategically aligned organisations that they can join to do more good.

As one business leader noted, *'the more organisations become for-purpose and commit to doing good, the less we seek transactional not-for-profits who cannot benefit from our non-financial resources.'*

Businesses are looking to partner with not-for-profits that see the benefit in the relationship beyond the money they provide. They want to work with not-for-profits who see the benefit in the knowledge, people and experience that the commercial world can bring to enable not-for-profits to achieve their purpose.

The motivation behind the shift from transactional to cooperation centres around one word: innovation.

Although not entirely off the cards, the traditional model of building brand image, credibility and prestige through sponsorship is no longer necessarily a primary motivator for businesses looking to support a cause.

Instead businesses are increasingly looking for collaborative innovation opportunities – providing an authentic platform for organisations to maintain relevance and a hero complex as they help solve critical issues for people and the planet.



# Insights: Connection & Collaboration



## 'Unique' with no time to discover otherwise

Not-for-profits often focus on reacting to their organisations' immediate needs rather than looking for opportunities to connect and collaborate.

Many not-for-profit contributors cite their responsibility to deliver and look for the next funding source as a priority over ambiguous attempts to collaborate with others.

*'The problem is we are time poor and therefore do not actively seek to understand goal alignment with other not-for-profits'*, noted a contributor.

Is this an excuse? Many contributors believe so.

The question is whether not-for-profits are afraid of what an analysis of partnering opportunities might highlight, including (in the most extreme cases) that others may be better suited to deliver the impact they aspire to achieve.

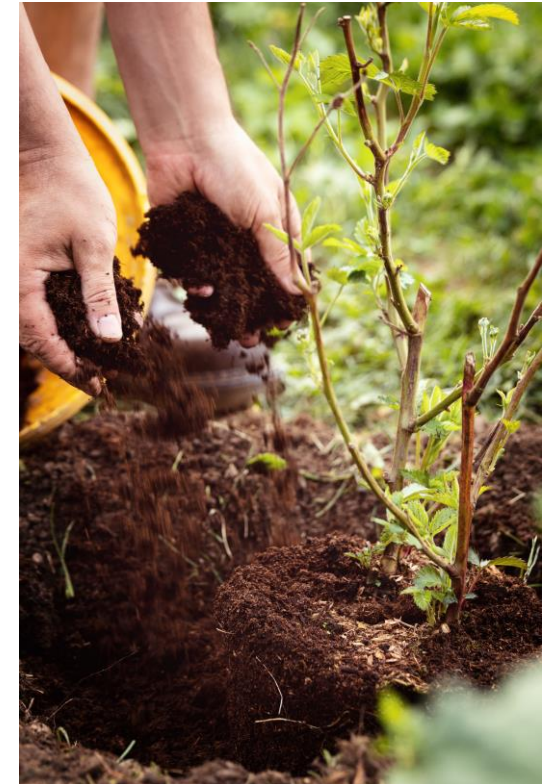
Not-for-profits need to realise that they are competing if they are not collaborating. The notion that someone would inhibit them from 'doing good is usually not a consideration for not-for-profits, so they are often blind to rivals who compete for much-needed resources or dilute their impact.

While many not-for-profits agree there are benefits to having more than one player – it keeps you honest - many believe competition over collaboration diminishes the potential impact of funding streams.

A common theme throughout this research was not-for-profits feeling they are 'too unique' or better equipped than others to invest time in collaboration efforts.

However, for most, there is recognition that achieving shared centralised resources and economies of scale are valuable and potentially more critical than maintaining individual autonomy if it means delivering a more impact for the cause.

A willingness to gain a more expansive understanding of what value each organisation offers and its place within each sector or cause is required to achieve true collaboration.



# Insights: Connection & Collaboration



## Call for an orchestrator

A non-government organisation to orchestrate a sector-wide coalition is sought to dismantle silos, reduce inefficiencies, and strengthen the united voice.

Government, businesses and not-for-profits acknowledge that more needs to be done to create a structured network and ecosystem to help raise all boats. However, what this looks like in practice varies.

Some call for the Government to set up a team to increase the visibility of effort and proactively identify gaps, overlaps and subsequent collaboration opportunities.

While this could support those smaller organisations who struggle to network and make connections, many contributors believe the Government needs to stay out of it.

The Government tends to agree, citing its minimal visibility of the sector and the ability to track individual efforts. Not-for-profits must therefore drive not-for-profit collaboration and connection.

Many agree that a facilitator whose passion, cause and mission are focused on cultivating coalition is required. Firstly, to allow for resources to be devoted directly to developing intermate knowledge of each not-for-profit and their sector, and secondly, to support necessary transparency.



# Benchmark: Connection & Collaboration



## Connection & Collaboration



**Struggling:** may struggle to deliver today



**Sustaining:** can meet current demands.



**Thriving:** positioned to deliver now and into the future.



Average self-assessed scores of Agri-not-for-profits who participated in this research.

# Key Considerations: Connection & Collaboration

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- How might we become better partners?
- What does collaboration mean to us?
- How can we better showcase our activities to encourage collaboration over duplication?
- How well do we understand business partner motivations and ambitions?
- Do we have existing relationships which could be developed further?
- Who are our competitors? Should they be our partners?
- Who is responsible for orchestrating connection and collaboration in our sector?



**3.7**

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# Funder Intimacy



# Introduction: Funder Intimacy



## What good looks like

Building an intimate connection with funders is a significant focus for high-impact not-for-profits.

Gaining a deeper understanding of funders, their giving journey over their lifetime, emotional and strategic drivers, and connection with the cause is prioritised.

These insights help drive powerful, mission-inspired narratives that resonate with funders, driving fundraising activities that deliver sustainable funding streams with high funder lifetime value.

## Current Context

**Not-for-profits are likely to rely more on everyday givers in this time of growing demand for funding.**

The funding environment is becoming increasingly loud. Not-for-profits will need to find their space in all the noise.

Future resilience will require reliable networks of consistent funders. An overreliance on any funding stream alone is risky and difficult to maintain within a tolerably low cost of acquisition and cost of service.

Those not-for-profits who can build a strong brand and understand how to reach funders who align with their values will do better than most.

**What is a funder?** This report defines 'funder' as a person or organisation that provides money or financial support. 'Funder' includes donors, grantors, sponsors and supporters.





# Insights: Funder Intimacy



## Know your brand value better than the rest

Not-for-profits would be better positioned to capitalise on value-exchange opportunities if more priority was given to understanding and communicating a relevant value proposition.

Both Government and business contributors often need to leverage a not-for-profits brand value and recognition to justify donations and funding partnerships. This requires both external brand recognition and internal capability to understand and communicate its worth.

If not-for-profits were to develop a deeper understanding of their individual value, it could also help limit scope overlap and fuel collaboration.

Collaborative campaigns that showcase multiple causes in a single sector, allowing funders to find a not-for-profit that aligns with their values, could be more viable.



## Know your funders

Not-for-profits that invest the time to gain a deeper understanding of their funder' giving motivations and behaviours, discover how to support them in building a more resilient and emotional connection with their cause.

Funder insights should drive an understanding of how to communicate an authentic, mission-inspired narrative that resonates with funders.

In addition to a profound narrative, activities such as fundraising events can be better crafted to build connections and engagement with funders.

## Make giving an experience

Finding new innovative ways for funders to give and have an amazing giving experience is vital going forward.

A great giving experience has impact on funder retention, lifetime value, and loyalty.

The giving experience drives giving and engagement, as well as affinity and connection with the cause and subsequently the not-for-profit representing it.

Harnessing funder insights to deliver powerful giving experiences that can be shared with others is critical to the growth and sustainability of not-for-profits.

# Insights: Funder Intimacy



## Look beyond the government

Many not-for-profits rely on Government funding directly or indirectly through investment in sector-wide programmes.

As previously discussed, some not-for-profits adversely compromise their identity and blur their mission, scaring away other funders to meet these government funding requirements where alignment to policy is often a priority.

Paradoxically, Government contributors also share an aversion to not-for-profits that are blurry on their purpose and value proposition.

In a time of growing needs and increasing demand for government services and resources, an overreliance on government funding is risky for any organisation. Consequently, sustainable funding streams are becoming increasingly reliant on everyday donors.

## Find more than a few brand champions

Funders are a key enabler in creating a resilient, sustainable future.

High-performing not-for-profits recognise the importance of their funders.

Future resilience will require reliable networks of consistent funders. Funders who champion not only the cause, but a not-for-profit's brand.

While many not-for-profits focus on securing grants and donations from wealthy sources, there is still value in the untapped potential of everyday givers.

## Digital giving

Using technology, it is now easier for not-for-profits to proactively find everyday funders whose interests are mission-aligned.

Not only can technology facilitate giving and reaching funders and everyday givers at scale, it also provides a platform to build a community of givers who will care, share, track and ultimately amplify their contributions.

# Benchmark: Funder Intimacy



## Strength of Funder Relationships

We communicate to our funders what we do and how they can donate.

We understand that funders want giving to be easy, so we make our donation process easy and convenient. We offer multiple forms of giving.

We have a mission-inspired narrative that resonates with our funders. Our fundraising activities inspire engagement, not just transactional donations. Funders share their giving experience with others.

We regularly conduct or invest in research to gain a deeper understanding of our funders. A large proportion of our funders give regularly.

Strong personal connections with funders are evident. Data shows a large proportion of our funders are life-time advocates.



## Funding Diversification

Our funding sources are ad hoc allowing us to deliver on our mission in the short term.

Our fundraising activities prioritise project-based funding allowing us more certainty around programming and impact delivery.

Our fundraising activities target a mix of individual, institutional, and Government Funders.

Our fundraising targets a mix of one-off, regular reoccurring, major funder, and project-based funding.

Our organisation has a diverse portfolio of resilient, future-proofed funding and revenue generating sources.



**Struggling:** may struggle to deliver today

**Sustaining:** can meet current demands.

**Thriving:** positioned to deliver now and into the future.

**▲** Average self-assessed scores of Agri-not-for-profits who participated in this research.

# Key Considerations: Funder Intimacy

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- What is our unique value proposition? Is it relevant and how do we best communicate this?
- How might we enable our key funders and partners to leverage our brand?
- Is our cross-sector brand recognition strong? If not, does it need to be?
- Are there opportunities to collaborate to make funder campaigns more cost effective?
- Do we have a deep understanding of our funder giving needs and motivations?
- Does our cause resonate with our target funders? How might we better reach and engage with our target funders?
- How might we leverage technology to support funder engagement and fundraising efforts? If not, why not?



3.8

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# Deployment Discipline



# Introduction: Deployment Discipline



## What good looks like

High-impact not-for-profits relentlessly focus on executing their core mission.

They guard themselves against mission creep while remaining agile to evolving conditions.

New innovation is a consistent investment and change is a disciplined cascade - deployed at speed and failed-fast when things are not working.

## Current Context

**Not-for-profits must be increasingly agile, innovative and change-ready to ensure future sustainability.**

While many not-for-profits have recently demonstrated their ability to adapt, evolve and innovate, the future will demand more.

Businesses and Government agencies are increasingly looking to partner long-term with not-for-profits that can demonstrate innovative thinking and an ability to respond quickly to change.



# Insights: Deployment Discipline



## Outcome efficiency matters

Operational effectiveness is vital to delivering impact at scale now and in the future.

To achieve this, not-for-profits need to measure outcomes effectively and take immediate corrective action when those outcomes are not being achieved. Most not-for-profits are not currently equipped or encouraged to do this.

Outcome-based funding often emphasises beneficiary program-specific engagement levels as the measure of success. Subsequently, many feel not-for-profits have been disincentivised to measure long-term impact.

The result is a key difference in impact expectations (e.g. is impact about the number of attendees completing a women in leadership programme or the number of women holding leadership positions in the sector in the long-term?)

However, as stakeholder scrutiny increases, funding streams tighten, and competition intensifies, not-for-profits will need to demonstrate how their impact objectives are being achieved, which can be much harder to quantify.

Not-for-profits who are unequipped to measure their deployment effectiveness and efficiency may struggle to survive.

## Mission creep or evolution?

Contributors agree that high-impact not-for-profits guard themselves against mission creep.

However, many not-for-profits admit they struggle to do so.

Distracted by funding opportunities, clashing stakeholder interests and a desire to 'do good' generally, many not-for-profits acknowledge it's challenging to focus on their core mission.

While a not-for-profit's mission may need to evolve to address changing beneficiary needs, the balance between mission creep and making a strategic decision to deliver sustainable impact must be considered.

Funder, beneficiary, and other stakeholders' interests must be weighed equally to ensure a not-for-profit can fund and deliver both short and long-term impact.

If this didn't already sound challenging enough, the future will require not-for-profits to make these decisions at speed.

# Insights: Deployment Discipline



## Innovation favours the bold

Not-for-profit leaders see innovation both as a significant future challenge and opportunity.

Yet many not-for-profits acknowledge they have been too risk-averse to invest in substantial innovation initiatives.

Innovation can be more ambiguous than most activities - the courage to embrace uncertain outcomes, possible setbacks, stakeholder criticism, and even failure is often required.

Not-for-profits are often reluctant to try 'out of the box' ideas, fearing their reputation will be tarnished if they fail.

Innovation is critical to driving future impact and will always entail some risk. Patience, encouragement, incentives, and a dose of psychological safety for all involved, would go a long way to bolstering the boldness and perseverance needed to fuel innovation.

Working with partners and funders is vital to create an environment where not-for-profits feel confident experimenting with new ideas and concepts to improve impact.

## Investment Required

Data capture and analysis capabilities, clear operational metrics, and greater role clarity are needed to empower future decision-making speed and agility.

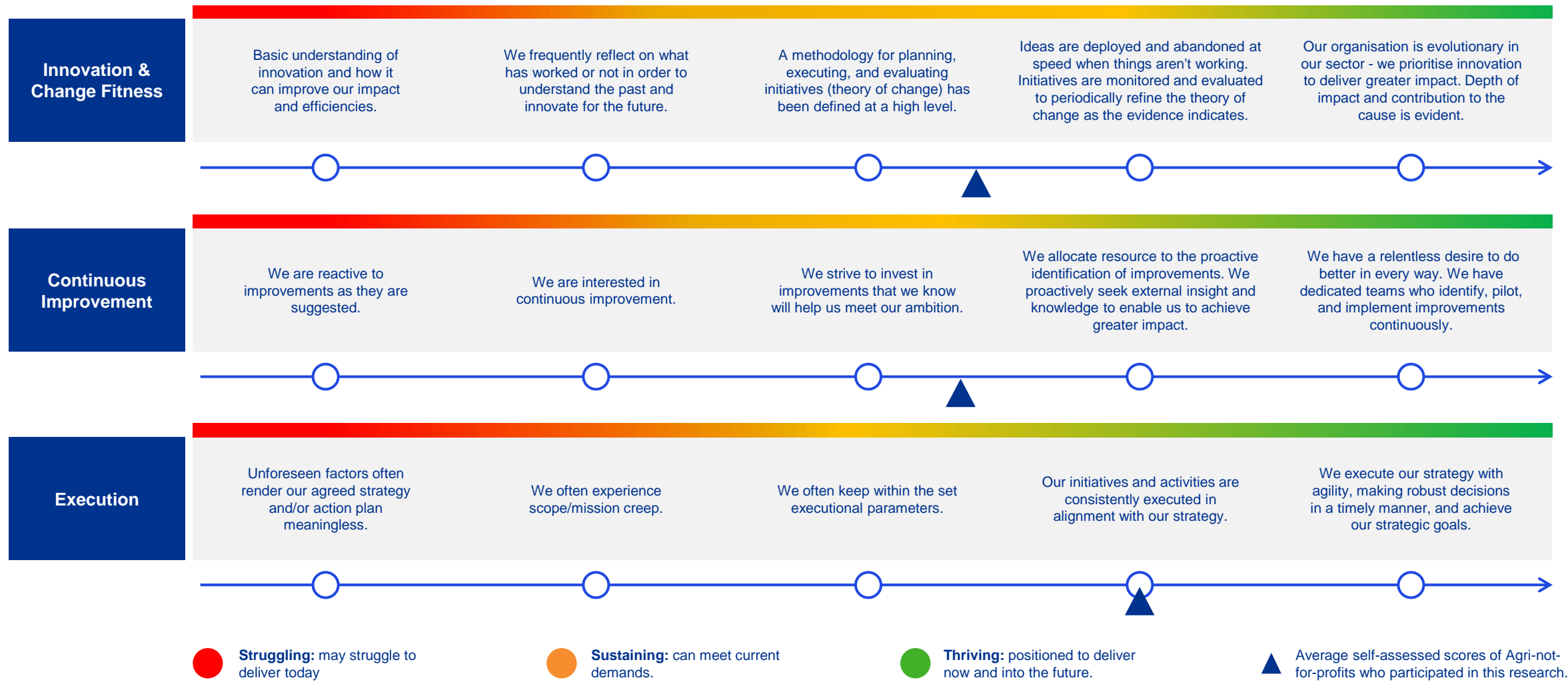
These capabilities will require significant investment both within system development and integration, and bold change-fit cultures and processes. Not-for-profits have proven to themselves recently that these investments pay off – many making unprecedented digital enablement progress, including digital service delivery during the pandemic.

However, for many not-for-profits, a continuing frustration is the ongoing use of manual, inefficient and aging systems. Upgrade costs, fit-for-purpose assessment and internal capability, are consistently cited as major barriers.

To mitigate these, a worthwhile consideration is a coalition of not-for-profits and sector business partners who together negotiate, support, and provide access to standardised, shared systems and self-service digital tools. This could help foster a collective uptake in more operational efficient systems and services. An orchestrator who could co-ordinate such offerings would likely be required to ensure transparency and adoption at scale.



# Benchmark: Deployment Discipline



# Key Considerations: Deployment Discipline

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- Do we have a robust process for measuring our impact objectives?
- How could we better measure our impact to ensure continuous improvement?
- How could we ensure we have resources to invest in innovation?
- Are there potential partners who would support us to innovate?
- How could we foster a more experimental culture to discover new ways of doing things?
- Do we have good processes in place to guard ourselves against mission creep?
- How do we differentiate between mission creep and strategic mission evolution decisions?
- How well equipped are we to make decisions at speed? Do we have access to the right data and capabilities to support decision-making on outcomes, risks and changing circumstances?



04

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# Sustainable Not-For-Profit Business Models



# Sustainable Business Model Options

## Business model innovation is vital

In the current environment where not-for-profits are being asked to do more with less, there is increasing pressure on not-for-profits to be high performing and employ more efficient, agile business models.

Not-for-profits are born out of a passion to do good. Founded on an idea, initiative, or initial pool of funding, many not-for-profits do well at first.

However, over time as funding dwindles and not-for-profits face market challenges, many not-for-profits struggle to reach for new heights.

What went wrong? Insights shared by sector leaders and stakeholders suggest that not-for-profits may be fixated on their laurels from past successes.

Consequently, some not-for-profits fail to adjust their business model to the changing environment around them. Today, a not-for-profit's future resilience and sustainability depend on its ability to assess and innovate its business model continually.

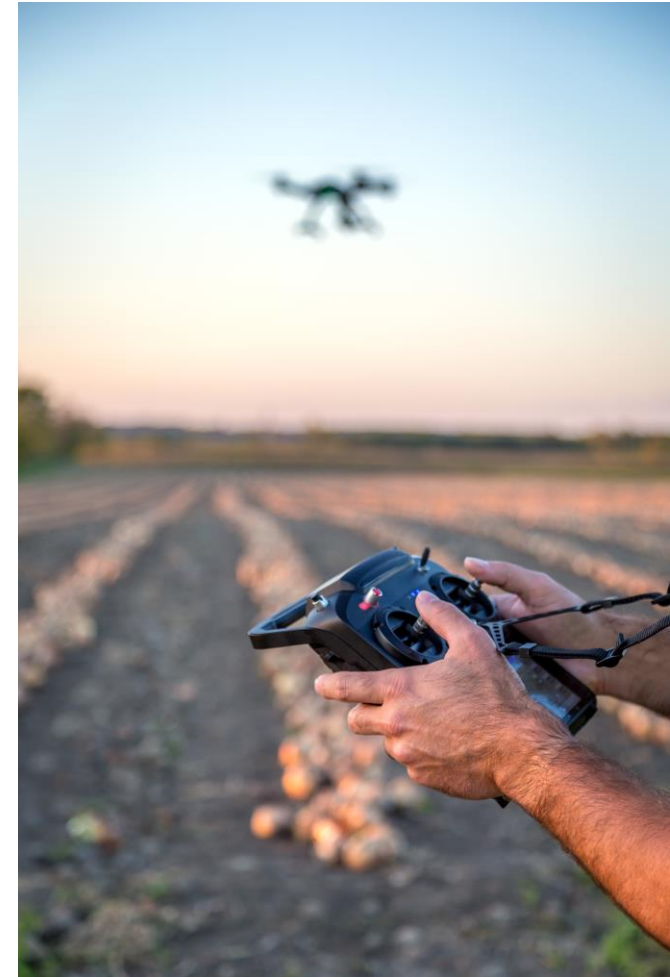
## Business Model Inspiration

Business models enable an organisation to create, deliver, and collectively support sustainable value and impact, whether for purpose or for profit. Each not-for-profit needs to consider its vision, ambition, value proposition, and strategy in determining the appropriate business model that will enable it to be successful.

This report identifies three high-level business model options that might enable agri sector not-for-profits to be financially resilient, deliver to future sector needs, and achieve pan-sector impact. The business model options have been developed based on our experience developing business models for commercial and not-for-profit organisations and research.

These high-level business model options are not necessarily intended as a blueprint but as ideas to inspire your business model innovation efforts.

The most important question is: How would the concepts of business model x impact my organisation? This report considers the implications for not-for-profits in adopting each business model option.



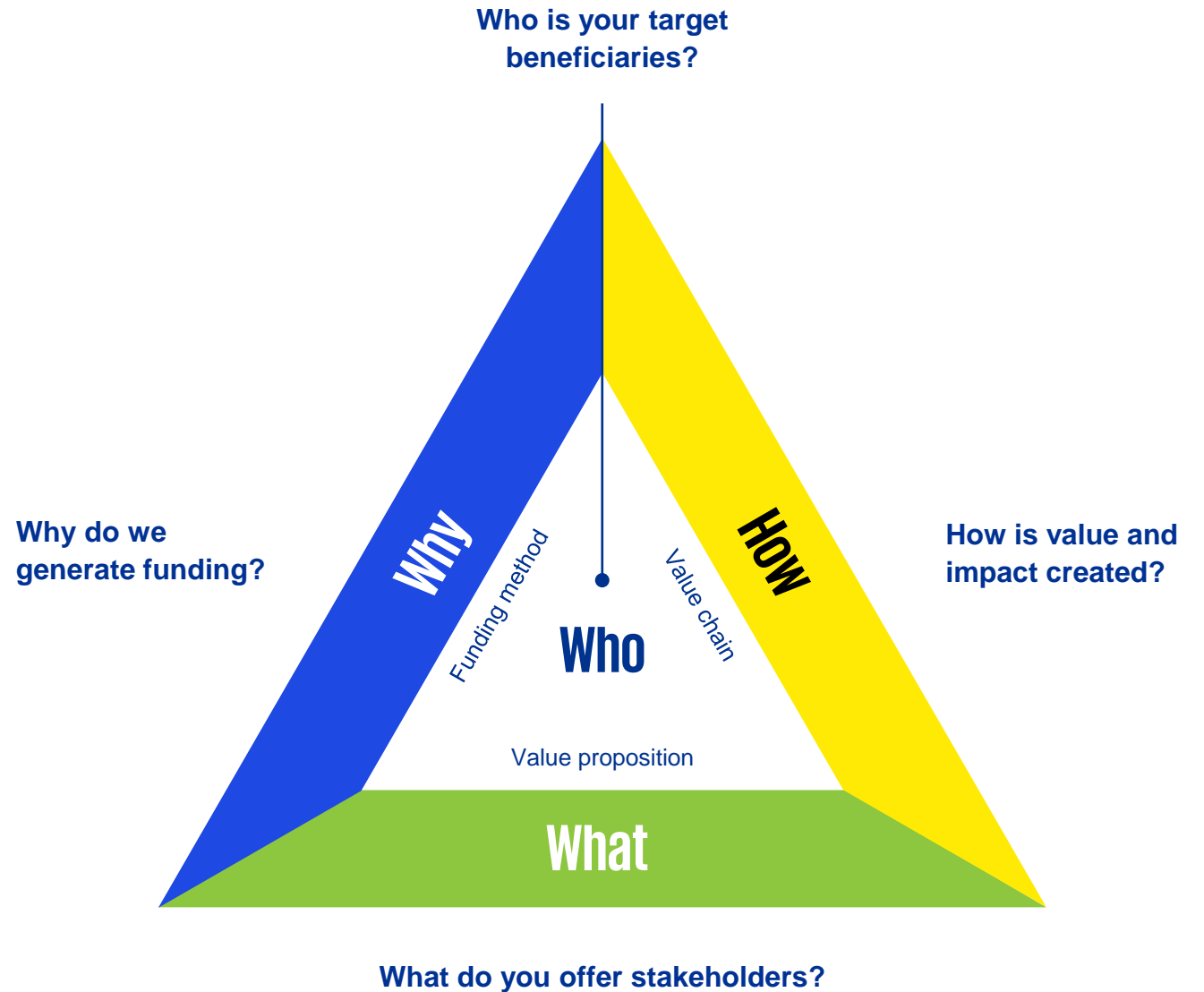
# What is a business model

A not-for-profit is a legal construct that gives rise to tax and financial compliance obligations and speaks to its traditional overarching focus (e.g. for purpose vs for profit). A not-for-profit is not a business model.

So what is a business model? We have utilised an adapted version of the business model definition developed by St. Gallen University<sup>4</sup>. The approach is based on four dimensions who-what-how-why.

A **business model** defines<sup>4</sup>:

- **who** your beneficiaries are and **what** value you offer (external value delivery)
- **how** you create value and **why** your organisation is viable (value creation).



# Sustainable Business Model Options



## Sector Orchestrator

In this model, not-for-profits focus on their core competencies, actively coordinating and outsourcing all other activities within the value chain to other competent organisations (the how). As the director of the value chain, the Orchestrator must devote a large proportion of its resources to understanding, matching, and coordinating individual mission-aligned activities (the what). Orchestrators look at the bigger picture, constantly asking themselves, who does this better than us, who can we work with? As a result, Orchestrators multiply their impact through the cooperation, scale, and the capabilities of others (the why).

### Potential Implications:

- Encourages greater cross-sector coalition, helping to dismantle silos through increased visibility, reducing inefficiencies through collaborative effort, and promoting a more united voice.
  - Encourages a structured network and ecosystem to help raise all boats. More sector orchestrators could support smaller specialist organisations whose potential is inhibited by operational costs. Resource sharing, such as back-office functions (HR, legal, finance, admin) could be facilitated.
  - Supports talent and capability sharing. Mentoring, growth, and development opportunities could be enhanced by enabling people to work across organisations, benefiting both organisations in the process.
  - Enables governance capabilities to be shared through the provision of an overarching Board. Collective intelligence, unique perspectives and experiences could be better harnessed by all.
- Orchestrators would need to be skilled at cultivating shared values, clear rules of engagement and robust levels of trust and mutual respect throughout the value chain to be successful. Some not-for-profits may struggle to release the necessary control or decision-making authority to ensure an Orchestrator's success.
  - Would likely suit an organisation whose passion, cause and mission aligned with the impact outcome of greater coalition cultivation. Significant resources would need to be invested and deployed to develop an intimate knowledge of each not-for-profit and organisation in the value chain.
  - Benefit of harnessing a range of 'focused specialist' attributes such as: Economies of scale realised through an ability to focus on what you do best and close cooperation with external partners whose infrastructure, resources, and capabilities could benefit one's impact.

# Sustainable Business Model Options



## Key Considerations:

- What are our unique strengths? Do we have strong networking and relationship-building capabilities? Are we sophisticated in actively managing a diverse stakeholder group with potentially competing priorities?
- How could we fund our role in the value chain as an orchestrator?
- Which activities are less critical to our purpose? Could we be outsourcing them to other organisations? Would this reduce our costs and duplication of effort?
- Do we have a good understanding of what value each organisation offers and their place in the sector?
- Do we have personal relationships, the trust and the foundation to ignite conversations and explore opportunities and ways of working together?



# Sustainable Business Model Options



## Focused Specialist

In this model, not-for-profits focus on delivering one specialist function across multiple sectors and beneficiary segments (the how and what). A specialist not-for-profit may partner with various Orchestrators, who outsource a specific sector's value chain activities to specialised providers (the how). Focused specialised benefit from efficiency gains, cross-sector competence, and increased influence as an expert (the why).

### Potential Implications:

- Allows for a tighter core purpose and, in turn, a more distinct value offering rather than a 'me too' position, enabling not-for-profits who play in a competitive and overly populated area of activity to carve out their space.
- Economies of scale could be realised through an ability to focus on what you do best, resulting in reduced cost through efficiencies and higher quality delivery.
- Promotes close cooperation with external partners whose infrastructure, resources, and capabilities could benefit one's impact.
- Could boost a not-for-profit's recognition as a leader in a specific area of knowledge, resulting in a deeper level of influence to guide and develop standards within a field.
- If more not-for-profits were to adopt a 'focused, specialised' model, it could increase the overall level of available expertise and capability within a sector.

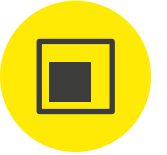
- Impact evaluation efficiencies could be enabled through the minimisation activities, allowing for focused measures that are more refined, useful, and prominent.
- A focused specialist could develop the competence to serve multiple sectors and beneficiary segments, increasing access to potential funding avenues.

### Key Considerations:

- Do we operate in a particularly competitive environment? Would specialisation help us better define our value?
- Do we have a substantial area of expertise?
- Do economies of scope play an essential part in our area of expertise?
- Would we be better placed to identify trends and rapidly respond to changing needs?
- Could we deliver more impact if we focused on delivering one function to more sectors?
- Does our purpose, mission, and ambition expand beyond our current sector?
- Are there orchestrators or partners we could collaborate with to amplify our reach and impact?



# Sustainable Business Model Options



## A shop in a shop

Instead of setting up its own infrastructure, the not-for-profit is hosted by a partner (or partners) organisation that will benefit from participating in the cause-based initiative, resulting in a small shop within a shop, 'a win-win situation' (the how).

The 'not-for-profit' leverages the partner's infrastructure while operating independently, free to develop its own brand, alternative relationships, and revenue streams so that no mission-inhibiting sacrifice is required (the why).

Valuable synergies create possible long-term sustainable win-win situations for both the not-for-profit and hosting organisation (the what).

### Potential Implications:

- Not-for-profit benefits from leveraging existing infrastructure, discipline, and resources, such as office space, systems, and workforce capability, providing efficiencies and critical mass. At the same time, the hosting organisation (or organisations) benefits from its ever-present philanthropic participation and engagement opportunities that boost employee satisfaction and market reputation.
- A strong long-term partnership would be required to ensure resilience. A shared passion for the cause, enduring strategic alignment and clear expectations would need to exist to be successful.
- To ensure continued growth, partnership and funding rights cannot be restricted to the hosting organisation. In the spirit of the cause, the hosting organisation may need to allow room for other organisations (who may be competitors) to work with the not-for-profit.

### Key Considerations:

- Do we have cause-aligned partners who see long-term value in our relationship?
- Would we benefit from a partner organisation's infrastructure, resources, and discipline?
- Which organisations would complement our mission, approach, and competencies?
- How vital is our independence? If we were to adopt this model, could we protect it?



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