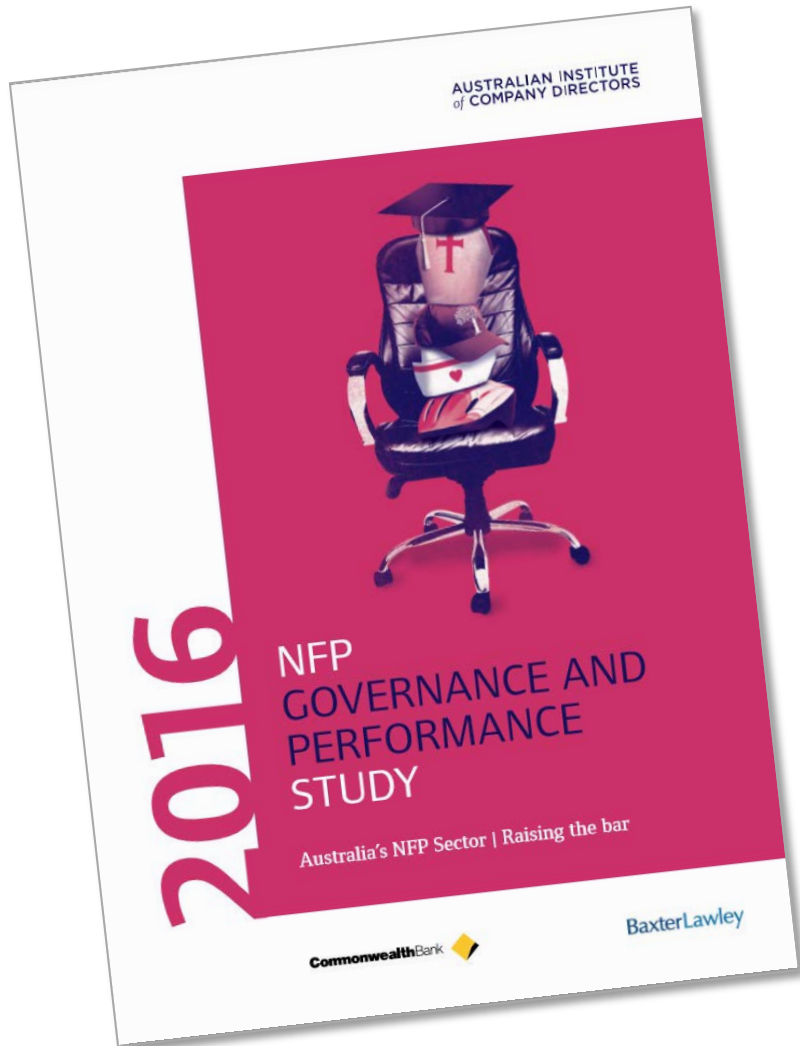


# Trends in not-for-profit governance and performance

**Lucas Ryan GAICD**  
NFP Policy Adviser, AICD



# Key NFP governance trends



1

NFPs must build financial **strength**

2

**Strategy** is critical to success

3

Growth in **collaboration** in NFPs

4

**Performance measurement** key

1

# Financial strength

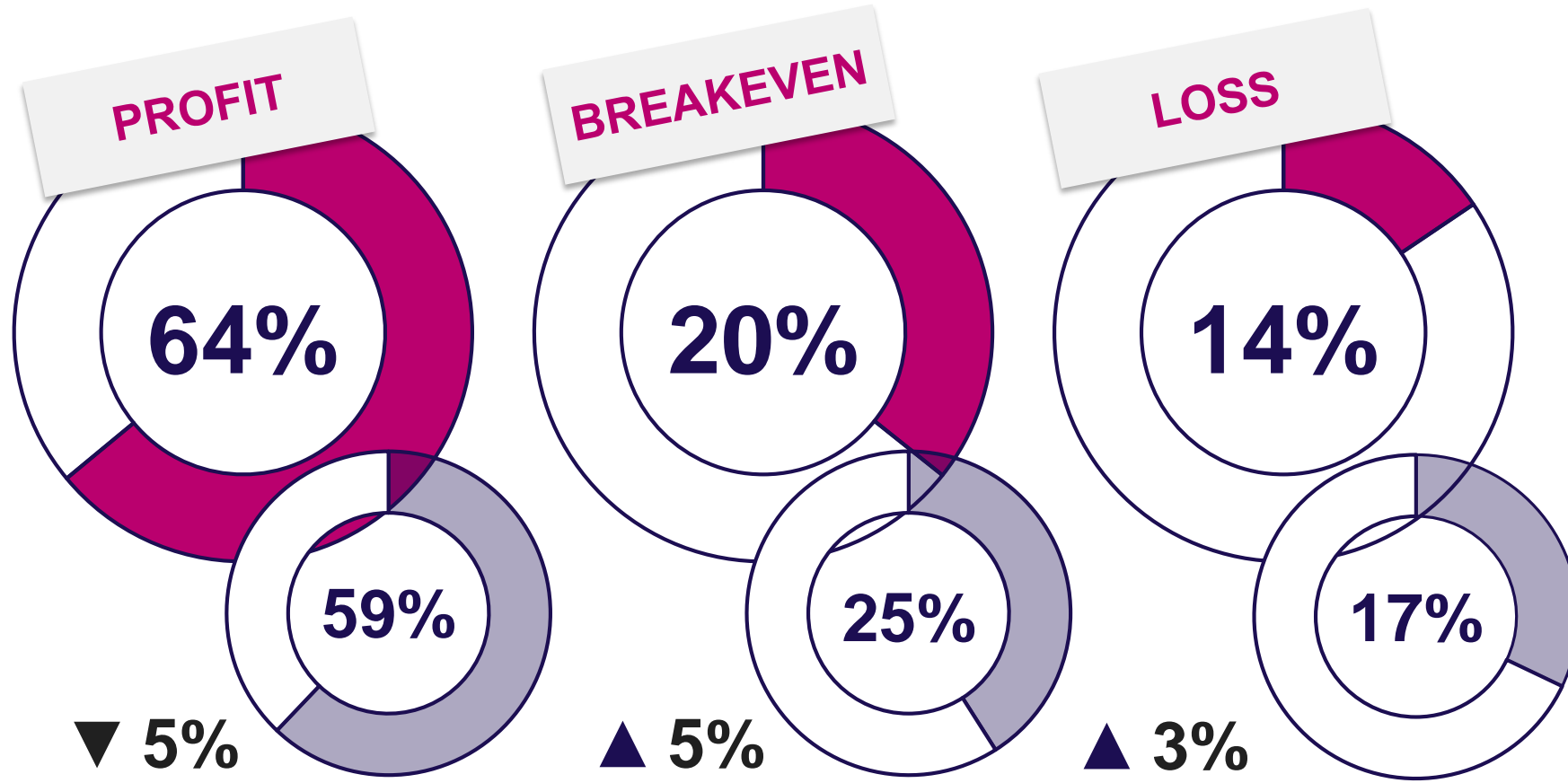
# NFPs must aim for **financial strength**

- Not just surviving, but **thriving**
- However, results are **variable**
- Attitude to **'profit'** concerning
- Similar issue with **'reserves'**

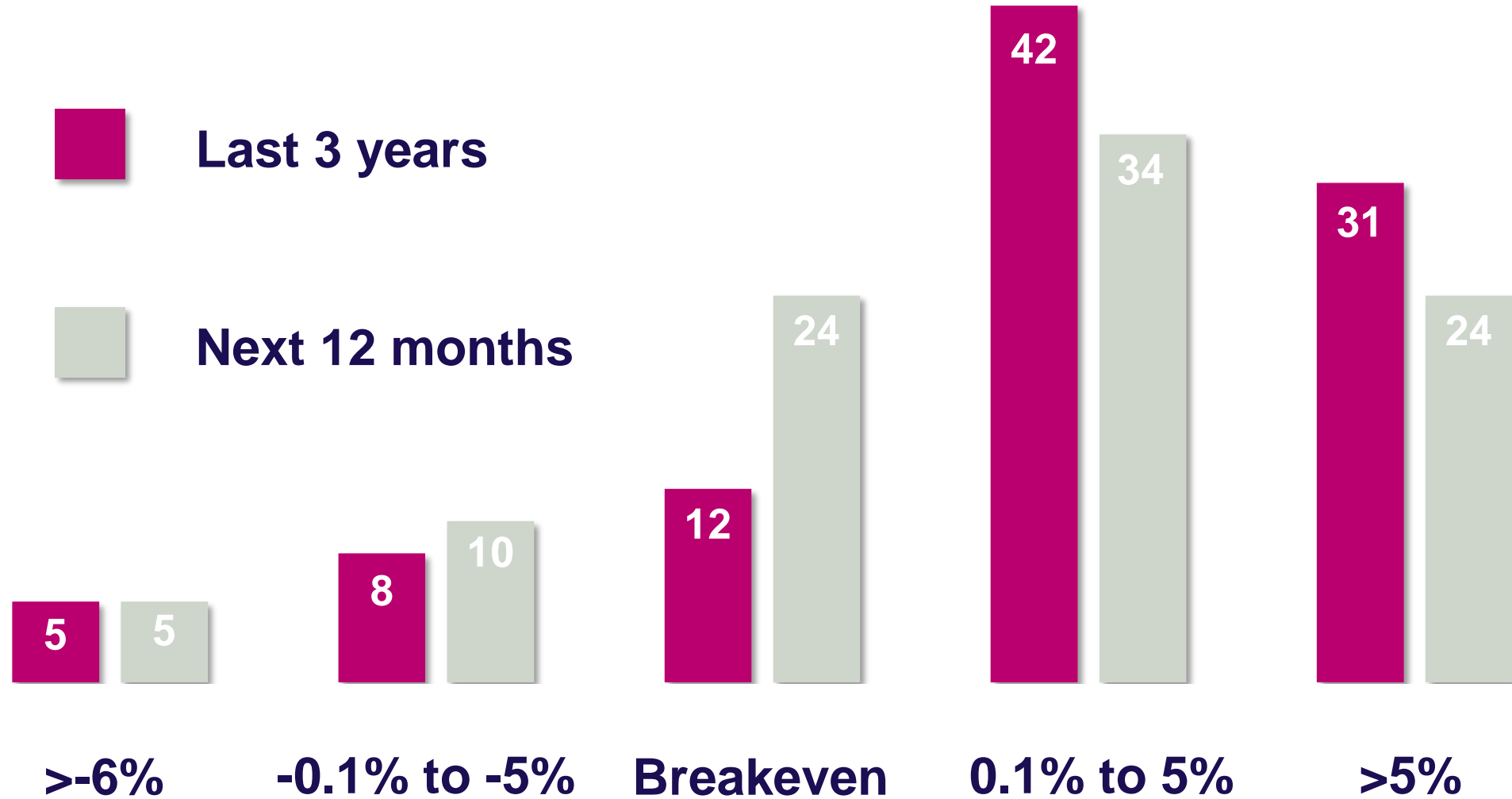
*“If we made a **profit**, we would have to **give the money back.**”*

**NOPE!**

# Expectations of profit



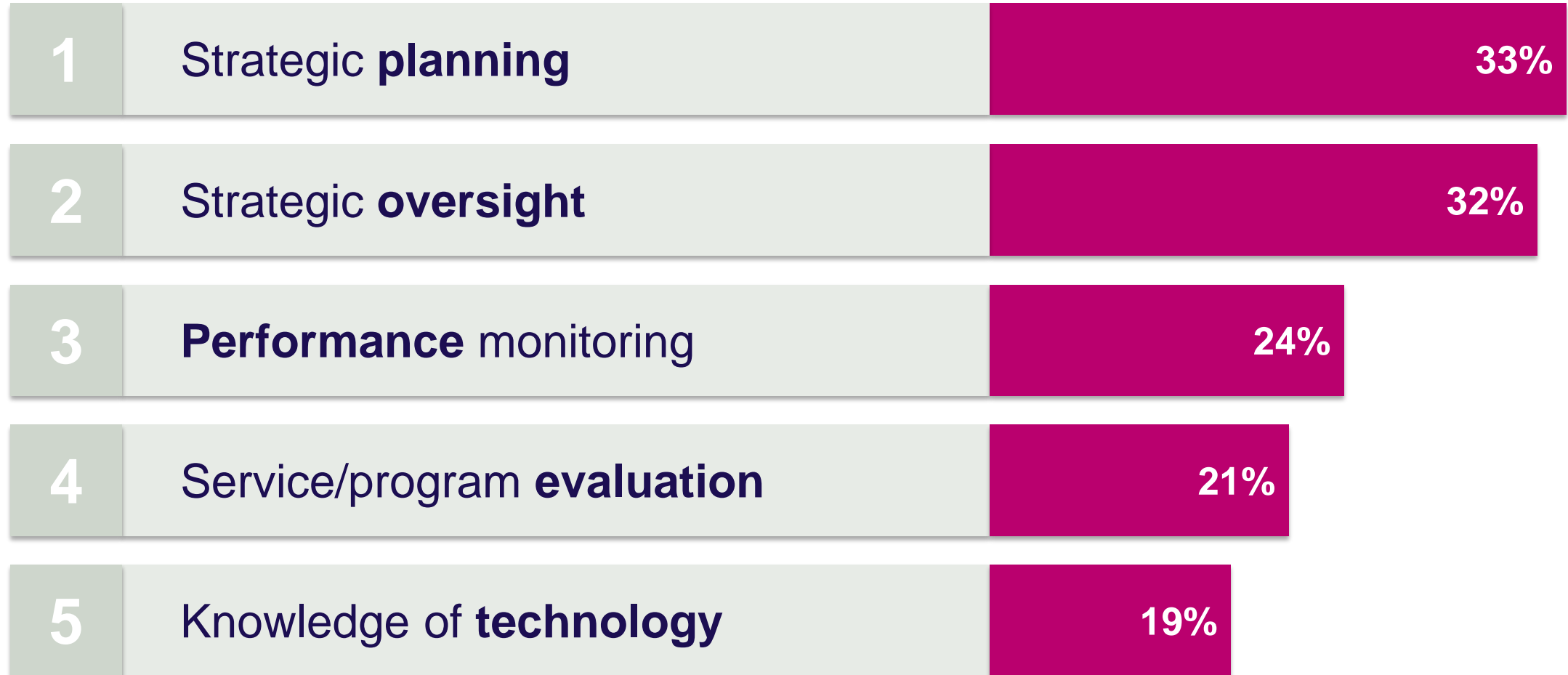
# Expectations of profit



2

# Importance of *strategy*

# Top five (**desired**) priorities





*There is a **disconnect** between what boards spend time on and what they know would actually **benefit their NFP.***

# Top five (**actual**) priorities



3

# Collaboration and mergers

# Mergers and collaboration

**Collaboration** is growing among NFPs...



70%

collaborate to  
advocate



43%

subcontract  
some services



39%

have agreements  
or memoranda



26%

share  
resources



15%

share back  
office functions

# Mergers and collaboration

...but rates of **merger** are constant



35%

discussed merger



8%

currently  
undertaking  
a merger



6%

completed  
a merger in the  
last year



8%

discussed winding-up  
merger

# Major trends: **Marketisation**

- More and more NFPs are being **moved into ‘open markets’**
- Aged care and disability services are **trials**
- **Governance models must change** to respond to the new operational environment

**Table 1.2.5. Service provider characteristics and market profile**

<b>Footprint</b>	<b>Allied Health</b>	<b>Disability Support</b>	<b>Disability Equipment</b>	<b>Plan Management</b>	<b>Total</b>
National	100	102	64	49	<b>117</b>
State	2,507	2,283	1,319	423	<b>3,402</b>
<b>Provider Type</b>					
Australian Private Company	557	543	500	97	<b>940</b>
Australian Public Company	221	240	109	107	<b>278</b>
Family or Other trust	161	144	123	24	<b>236</b>
Incorporated Entity	448	526	158	183	<b>560</b>
Individual/Sole Trader	1,053	749	388	29	<b>1,252</b>
Other Private	38	43	12	18	<b>50</b>
Other Public	43	48	24	11	<b>55</b>
Partnership	86	92	69	3	<b>148</b>
<b>Total</b>	<b>2,607</b>	<b>2,385</b>	<b>1,383</b>	<b>472</b>	<b>3,519</b>

<b>Type</b>	<b>Providers Registered</b>
New NDIS	3,026
Previously DSS	493

*It is government policy  
that there are too many  
not-for-profits.*



4

Performance  
measurement

# Performance measurement is key



70%

assess whether the organisation has achieved its strategic goals



66%

measure performance against specified Key Performance Indicators (KPIs)



49%

nearly half use customer surveys



43%

use customer numbers



33%

have to meet external quality standards



12%

growth in profits

...essential in **changing funding** environment

# Major trends: Social impact **investing**

- Market will reach **\$32 billion** in the next 10 years
- First **Social Impact Bonds** yielding results, more in the pipeline
- New models will emerge, and **governance models must adapt** to support them



There is a need to  
**re-think**  
expectations  
and perceptions  
of not-for-profits

Thank  
you

**Lucas Ryan GAICD**  
NFP Policy Adviser, AICD  
(Sydney)

@lucasandsuch  
lryan@aicd.com.au  
+61 2 8248 6671