



Ordinary women...extraordinary impact®



## Impact Austin's Strategic Plan **Stepping Up to Meet our Future**

### **Frequently Asked Questions**

#### **Why did Impact Austin develop a Strategic Plan?**

As Impact Austin has matured, there have been discussions at all levels of the organization regarding the need to examine more deeply how we function. The Strategic Plan was created to: review our goals, examine current operations and practices and find ways to deliver more value and support to our members. In short, to develop a plan that sustains our organization with the financial resources and operational systems to achieve our mission and ensure a vibrant future.

#### **How did we develop the priorities set within the Strategic Plan?**

Impact Austin leadership discussed aspects of the plan with about 50 members. We interviewed a cross-section of our membership, held a half-day Strategic Planning Retreat, and held numerous task-group meetings composed of members of the Board of Directors and the Committee Cabinet. There was agreement among all participants that our continued ability to make a profound impact in our community depended upon generating the financial resources necessary to sustain our internal operations.

#### **What did we learn during the Strategic Planning Process?**

We learned that we needed to create an internal structure that fully supports what we do – work together to better our community. Through building an internal structure that supports our high-impact grant giving, Impact Austin can continue to be a philanthropic leader. The Strategic Planning Process identified the following key action areas:

##### **1. Financial Stability**

Impact Austin needs close to \$150,000 to cover operational costs each year. We will establish methods to track our expenses, forecast our ongoing budget requirements into the future, continue to maintain a reserve fund and effectively manage our operational expenses.

##### **2. Membership**

Impact Austin will find ways to improve membership retention, recruitment, diversity, education and mentoring programs, as well as provide more ways to make an annual contribution.

##### **3. Leadership, Operations and Staffing**

Impact Austin will continue to examine its leadership, internal operations and staffing to create an efficient organizational structure that ensures it can best serve our membership. We are committed to providing an extensive range of meaningful volunteer opportunities, and will evaluate a paid staffing solution that ensures organizational continuity from year-to-year.

##### **4. Grants Innovation**

Impact Austin will examine and consider implementing innovative approaches and solutions to funding grants.

## **What makes up our budget?**

Our budget is comprised of recurring expenses that require us to meet our legal responsibilities as a nonprofit foundation, as well as technology support tools, events and programs for our members, publicity, external relations and paid staff to assist our many volunteers in achieving our mission and goals.

Special projects are not included in our budget because they require special funding and are supported by special fundraising campaigns, sponsorships or possible grant award applications. Examples of such projects are: website updates, new software applications, accounting software and office space.

## **How has Impact Austin financed its operations over the last 10 years?**

For Impact Austin's first several years, operations were managed by our founder, Rebecca Powers. She and many of our other founding members worked to grow membership large enough to provide high-impact grants to each of the five focus areas. During these years, the organization's operations were funded by founding members and volunteers through direct giving and donations, interest on member donations, the 110% Campaign, workplace matching programs, and friends in the community (Friends of Impact Austin). More recently, we launched the Beyond Impact campaign to fund paid staff. That three-year campaign, funded by our members, has been our main source of recent funding.

These fundraising initiatives were designed to support the budget needed for operational expenses, particularly to provide for our first paid employee. Over time, our operational and technological needs have outpaced our additional funding efforts; what we were doing in the past will not sustain our operations into the future.

## **How will we finance operations in the future?**

We will increase the Annual Membership Contribution to include an amount designated for operations, continue our workplace matching programs and Friends of Impact Austin, obtain sponsorships for events and special projects, leverage in-kind support, and apply for capacity-building and other grants. As we have done in all prior years, we will be watchful stewards of our finances and maximize the effectiveness and efficiency of all our funds.

## **How much will our annual membership contribution need to increase?**

Since our inception, members have contributed \$1,000, with 100% of those dollars going directly towards grants. Beginning with the 2015 grant cycle (for which membership recruitment begins in 2014), the membership contribution will be \$1,250. Of this, \$1,000 will go to grants and \$250 will cover Impact Austin's operational costs. The entire amount of each member's contribution will continue to be tax deductible as a charitable contribution.

## **What do other groups like ours do to finance their operations and sustain their futures?**

We have looked at other successful, established, collective giving groups to help model our operations. One of these groups is The Washington Women's Foundation, which asks its members to each contribute \$500 annually to support the organization's administrative costs. Other collective giving groups, with a paid executive director (or other staff) and modest operating costs, typically require an additional amount in the range of 25-35% of the grants they award to their community. The majority of similar collective giving groups of any size include an operations expenses component in their annual member contribution.

Not many 500+ member collective giving organizations exist in the U.S. We are a larger and more mature organization than most, and this is why Impact Austin is at the vanguard of collective giving organizations, creating a model that sustains our local impact. We strive to continue to share our success strategies with other collective giving organizations that look to us for advice and guidance in operating their organizations with the same sustainability goals.

## **How do Impact Austin's overhead costs compare with other charitable organizations?**

Impact Austin is different from other nonprofit organizations, in that it does not provide direct services to clients. However, we do have program costs, which are those associated with our mission of high-impact grant-making, including educating our members. Our costs categorized as "management and general" and "fundraising" are only 10% of our total income, as demonstrated in our audited financial statements and 990 tax return; and our

methodology of allocating costs has been reviewed and approved by our auditor. This is well under the benchmark of 15% typically used for assessing charitable organizations' functional non-program expenses.

### **How do Impact Austin's expenses compare to similar organizations?**

In benchmarking against other collective giving groups, as well as similar foundations, we found that their operational costs are 20-35% of their total expenses including grants. For example, the Washington Women's Foundation's operational expenses were 32% of its total expenses including grants. The Women's Impact Fund of Charlotte had 23% in operational expenses. Impact Austin's projected total operational expenses (including program expenses) are 23% of its total expenses including grants. We compare favorably with similar organizations.

### **Since we currently have an Interim Executive Director, what will we have in the future, and how does that affect our operating expenses?**

Our Interim Executive Director, Donna Benson-Chan, has agreed to serve in this position through June 2014. Currently, the Board of Directors is evaluating and exploring the most effective and efficient way to meet our paid staffing needs. The FY 2014 budget allocates \$80,000 for paid staff, so we have already planned for this expense, and our ultimate decision on paid staffing will not require a change in the budget.

### **How does the Strategic Plan benefit Impact Austin?**

Through creating an internal structure that supports our high-impact grant giving, Impact Austin can continue to be a philanthropic leader. We can provide better support to our membership, strengthen our organization for the future, and cultivate more creative and innovative grant giving.

Through building on our strengths and continuing to improve and innovate in the four key areas outlined by the Strategic Plan, we can ensure we will continue to do so for another 10 years – and beyond.