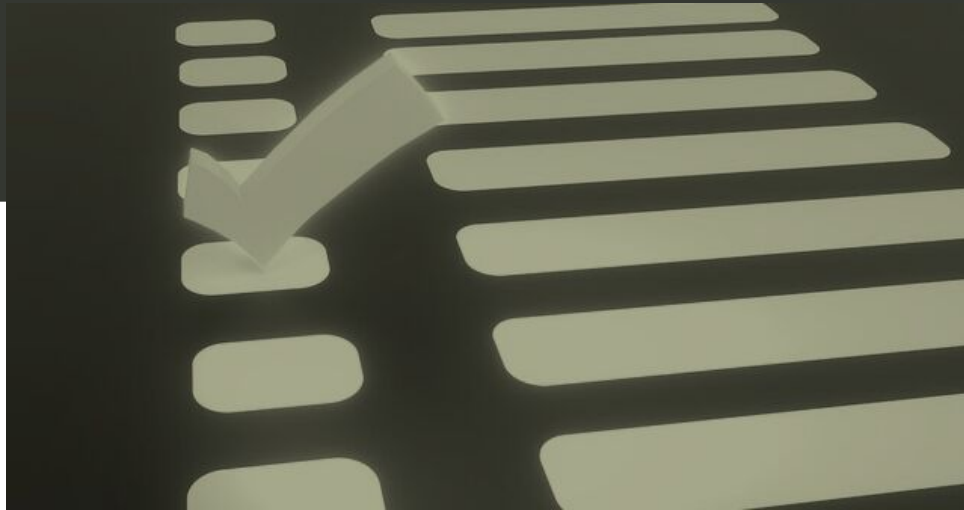


Nonprofit Benchmarking Survey: BDO Posts 2023 Results

11.13.23 | Linda J. Rosenthal, JD



For the seventh year, international consulting giant BDO has surveyed and analyzed what nonprofit leaders “see as the major issues facing them currently as well as in the future.”

The 2023 Nonprofit Benchmark Survey, posted on November 6, 2023, will once again help organizations answer the critical question: “How does my organization compare with my peers?” The experts at the BDO Institute for Nonprofit Excellence say *that* question is one of those most frequently posed to them.

It’s why each year since 2017 they have surveyed hundreds of American organizations across a broad swath of the nonprofit sector.

Highly Anticipated Results

We reported on the 2022 survey last November: see Newest BDO Nonprofit Benchmark Survey Released (November 8, 2022) *FPLG Blog*, discussing 2022 Nonprofit Standards Benchmarking Survey (October 27, 2022).

Much earlier in that year, we presented the (slightly delayed) results for the 2021 survey: see Latest BDO Nonprofit Benchmark Survey (February 4, 2022) *FPLG Blog*.

Each year’s results, from 2017 through the present, provide an “assessment of nonprofit performance” and “insights on challenges and opportunities.” BDO Nonprofit’s annual surveys are also “[p]acked with actionable insights and exclusive industry data,” providing “concrete guidance to help nonprofits meet their unique goals and drive their mission forward.”

Of course, when BDO Nonprofit conducted the first survey in 2017, no one anticipated the cataclysmic pandemic of 2020. In many respects, this unprecedented event significantly interrupted

– in 2021 and 2022 as well – what the survey designers had contemplated as a steady and easily analyzable year-over-year review of significant trends and issues facing the nation’s charitable community.

Indeed, a key theme for the 2023 report is how the end of massive emergency government funding has caused many organizations to now scramble for revenue. On top of that, the sudden spike in inflation in 2022 has significantly degraded their ability to provide what is a continual and increased demand for services.

Survey Methodology

The survey protocols and methodology have remained steady since 2017. This year’s Nonprofit Standards Benchmarking Survey was fielded in May 2023 by the Rabin Roberts Research company which surveyed 250 nonprofit leaders of health and human services organizations, public charities, colleges and universities, grantmakers, and international nongovernmental organizations.

Continuing with the pattern from earlier years, this year’s research results are presented – first – as an overarching nonprofit industry report. That overview is followed by targeted reports for health and human services organizations, public charities, colleges and universities, grantmakers and the organizations they fund, international nongovernmental organizations, and organizations with more than \$75M in annual revenue.

“This survey ... explores key issues impacting nonprofits today, including changes to their revenue, how they are investing in technology, how they are responding to pressure from donors to address environmental, social and governance issues and more.”

Top Findings

Nonprofits are at a pivotal transformation point and are focusing on their long-term strategic resilience following a few years of readily available federal funding.” Now they “are transforming their organizations due to slower giving and surging costs.”

According to Andrea Espinola Wilson, principal and co-leader of BDO’s Nonprofit & Education practice, America’s nonprofits “... are facing economic uncertainty head-on and showcasing their determination amid a decline in giving and higher costs.” She adds: “Investing in their organization’s well-being can help them enhance mission delivery and expand their impact.”

Key findings from the 2023 benchmarking survey include:

- “Revenue increases moderate, but optimism prevails.” After dramatically increased financial support in 2022, reported by about 76% of respondents, only 44% of surveyed leaders saw more revenue in the most recent fiscal year. However, “69% anticipate revenue will increase ...” next year.
- “Organizations are reexamining their purpose.” An astounding 99% of the surveyed leaders report “... they have meaningfully expanded or shifted the scope of their mission over the past year....” And more than half of those respondents explain this reevaluation has happened “to meet the changing needs of the populations they serve.”

- Notwithstanding drop-offs in funding, “tech investment is a priority.” Over half of participants indicate their organizations will spend even more in the next 12 months. Most “plan to select and/or implement a new enterprise resource planning (ERP) system” as well.
- The financial bottom line remains the focus: These nonprofits “are focused on efficiency....” Accordingly, their “highest priorities for the next 12 months” are digital transformation, cost reduction, and finding new revenue and funding sources “
- Donors, these nonprofit leaders tell us, are scrutinizing ESG; that is, “environmental, social and governance factors.” More than half of respondents say that contributors want “more information on ESG strategy in the past 12 months.”

Conclusion

This newest benchmarking survey “finds nonprofit leaders rethinking mission, operations to ensure strong futures.” They told researchers that “their top three priorities for the next 12 months are digital transformation (42%), reducing costs (38%), and seeking new sources of revenue/funding (36%).”

Adam Cole, principal and co-leader of BDO’s Nonprofit and Education practice, says: “The data makes it clear: nonprofits understand the importance of investing in their technology, despite their budgetary circumstances. Organizations are seeing where their current tools are lacking and are making necessary upgrades to best support their people, processes and programs.”

– Linda J. Rosenthal, J.D., FPLG Information & Research Director