ENFP COMMUNITY

NOT FOR PROFIT LEADER'S REPORT

STRATEGIC PLANNING

MAY 2025

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EXECUTIVE SUMMARY

Not for profits organisations are under constant pressure to do more with less. The sector faces constant disruption, from economic instability and environmental shifts to political changes. Funding is unpredictable, needs are growing and the competition for resources is fierce.

Effective strategic planning has never been more essential for survival and impact.

This report provides a sector overview, addresses key strategic challenges, and offers actionable guidance for leaders seeking to future-proof their organisations.

During February and March 2025, we surveyed more than 100 not for profit leaders on strategic planning, the findings and insights are presented in this report.

Of those that responded, 53 percent were charities, 19 percent member or peak body organisations, 7 percent disability service providers, with the remainder split between social enterprise, aged care providers, clubs and schools.

There was a good spread in the size of organisation that participated with 31 percent having a turnover of over $20 million, 14 percent from $10-20 million, 15 percent $5-10 million, 28 percent $1-5 million and 13 percent less than one million.

In presenting the results of this survey, we note responses are influenced by the perspective of the respondent being part of the management team or a board member, as these groups have different responsibilities and focuses.

We wish to thank all respondents for participating and contributing to the survey.

We trust you find our report and the analysis to be valuable to your organisation.

AIDAN SMITH
Partner, Audit & Assurance
Head of Not for Profit

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→ KEY FINDINGS

- Financial viability remains the single biggest risk for 27 percent of respondents.
- Respondents are feeling significant pressure due to the challenging economic climate and limited financial resources.
- Half of respondents are forecasting that their revenue will grow by more than 10 percent.
- 73 percent had seen an increase in demand for their services in the last 12 months, with 91 percent anticipating a similar trend for the year ahead.
- Staff turnover has stabilised with just over 50 percent of respondents having a turnover level less than 10 percent.
- Remuneration remains the number one human resource challenge for organisations.
- More than 50 percent of respondents reported that artificial intelligence or automation had impacted their organisation.
- 86 percent of leaders are concerned about a cyber-attack on their organisation.
- Client or member information remains the number one data risk for respondents.
- Less than half of respondents have included ESG and sustainability in their strategic plan.

STRATEGIC PLAN

THE PLAN

A strategic plan is not merely a procedural exercise but provides a vital compass for organisations, guiding them through a landscape of fluctuating resources, evolving community needs and increasing competition.

Beyond simply creating a static document, a strategic plan is crucial for maintaining relevance and impact and is fundamental for ensuring that organisations can achieve their mission-driven goals.

We asked how often you review and update your strategic plan, with the responses showing organisations adopting a variety of frequencies. While a significant 36 percent opt for annual reviews, a slightly larger portion responded every 3-5 years.

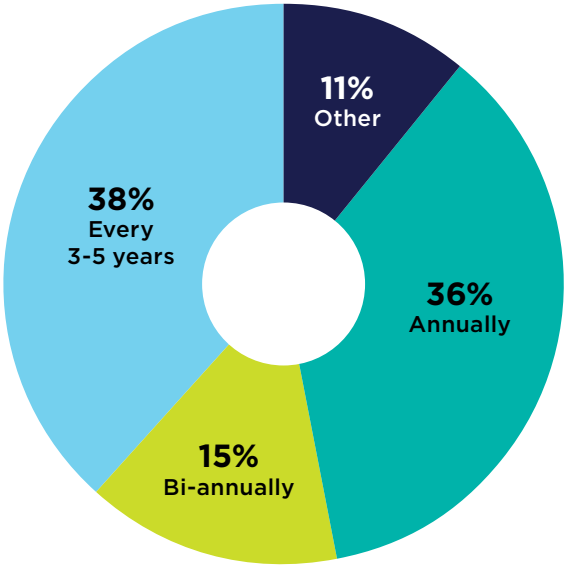
In 2024, when asked the same question, 57 percent responded annually. With organisations shifting towards deeper, less frequent reviews, it is fostering more strategic long-term thinking.

Reduced annual reviews can reflect an organisation's more continuous monitoring and real-time data analysis, freeing up resources for other critical activities. These assumptions reflect a more stable environment after recent volatile years.

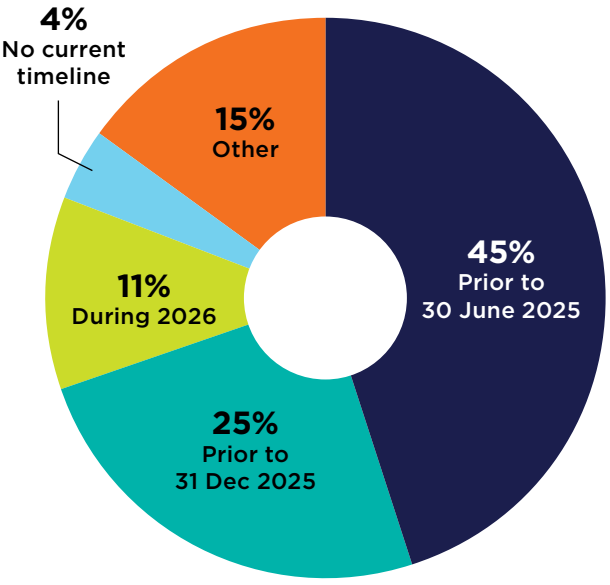
While frequent updates to a strategic plan can be advantageous, organisations should aim for a balance between agility and consistency. The ideal frequency depends on the unique needs and circumstances of each organisation. Instead of constantly reviewing the plan, consider more frequent updates to the specific business plans derived from it. This approach allows for responsiveness to changing conditions while maintaining a stable strategic framework.

When looking at when organisations are reviewing their strategic plan, 70% of respondents are planning revisions by the end of 2025. A number of respondents also commented that they had recently completed their revision.

How often do you review and update your strategic plan?



When are you next updating your strategic plan?



How easy is it to alter your strategic plan?

44%

Moderately easy

While alterations to our strategic plan require some effort and coordination, we have established processes in place to review and update the plan as necessary.

29%

Flexible

Our plan is designed to be flexible and adaptable to changes in the internal or external environment.

18%

Challenging

Altering our strategic plan can be challenging due to factors such as limited resources and stakeholder input.

0%

Very difficult

Our strategic plan is highly rigid and difficult to alter once it has been finalised. Changes are infrequent and typically require significant time and resources.

9%

We do not alter our strategic plan once it has been established, as it is intended to provide long-term guidance and stability for our mission and objectives.

With 73 percent of respondents saying it was flexible or moderately easy to alter their strategic plan it is evident that a majority of organisations recognise the importance of adaptability and have built a degree of flexibility into their planning processes. This is a positive sign, suggesting that many are equipped to navigate dynamic environments and adjust their strategies as needed.

While encouraging, the reported flexibility in strategic plans may mask potential issues. Organisations might overestimate their adaptability, limit changes to superficial adjustments, or lack consistent implementation. Furthermore, perceived flexibility could compensate for poor initial planning or lead to a reactive, short-term focus. True adaptability requires a balance of flexibility with clear vision, rigorous analysis, and disciplined execution.

With 73 percent of respondents saying it was flexible or moderately easy to alter their strategic plan it is evident that a majority of organisations recognise the importance of adaptability and have built a degree of flexibility into their planning processes.

If you achieve your strategic plan, will your revenue:	
Decrease by more than 10%	**2%**
Decrease by less than 10%	**0%**
Stay about the same	**22%**
Increase by less than 10%	**27%**
Increase by more than 10%	**49%**

We asked 'If you achieve your strategic plan, will your revenue increase or decrease?' with the results shown to the left.

This data reveals strong optimism regarding the potential impact of successful strategic plans, which is reflective of our four previous surveys. Nearly half of respondents anticipate an increase of more than 10%, while 27 percent expect a more modest increase.

Who participates in your strategic planning day?	
Board members	**95%**
CEO (or equivalent)	**95%**
Senior management team	**93%**
External consultants/facilitators	**36%**
Frontline staff	**25%**
Managers	**24%**
Other	**15%**
Volunteers	**9%**
Funders / donors	**5%**
We do not currently hold strategic planning days	**2%**

PLANNING DAYS

Strategic planning days are crucial for organisations to pause, reflect, and collaboratively shape the future. These dedicated sessions provide a focused environment for key stakeholders to align visions, goals, and priorities, fostering consensus and collaboration.

To ensure comprehensiveness and effectiveness, it is essential to involve a diverse group of relevant stakeholders. With this in mind, we asked survey participants: "Who participates in your strategic planning day?"

It is encouraging that many respondents recognise the value of including a cross-section of participants in their planning days. While leadership involvement is crucial, including staff, volunteers and donors brings diverse perspectives. These people offer valuable insights into operational realities, client needs and potential challenges that might be missed in a leadership-only discussion. This fosters a sense of ownership across the organisation.

PLAN INCLUSIONS

When looking at what respondents include in their strategic plan, we see similar results to our previous years reports. For the first time the top result was 'Brand positioning and marketing' compared to 'Developing or diversifying funding sources' that was the top response for our previous four reports.

The top five responses of inclusions include:

- Brand positioning & marketing
- Developing or diversifying funding sources
- Acquiring new clients to receive existing services
- Organisational culture
- Collaborating with other NFPs.

The full table of responses is shown on the following page.

Does your strategic plan include...?	
Brand positioning & marketing	**76%**
Developing or diversifying funding sources	**67%**
Acquiring new clients to receive existing services	**65%**
Organisational culture	**65%**
Collaborating with other NFPs	**60%**
Governance framework	**53%**
Strengthening relationships with government and policy makers	**51%**
Providing new services to existing clients	**49%**
Risk management	**49%**
Cybersecurity measures and data protection policies	**47%**
Employee training and development	**45%**
New technology e.g., automation and AI	**45%**
Fundraising activities	**42%**
Management of capital and investment reserves	**40%**
Social impact measurement and reporting framework	**40%**
Succession planning for key leaders	**38%**
Employee recruitment & retention	**36%**
ESG (environmental, social, governance)	**36%**
Consolidating service delivery in response to financial restrictions	**33%**
Diversity and inclusion initiatives	**33%**
Introducing new services into new geographic locations	**31%**
Research and development	**31%**
Expanding into new geographic locations with existing services	**29%**
Employee benefits – monetary & non-monetary	**24%**
Merger or acquisition	**16%**
Increasing prices	**15%**
Outsourcing	**15%**
Reviewing board structure	**15%**
Other	**9%**

These plan inclusions can be grouped into five key themes:

- **External engagement & growth:** Focus on marketing, funding, new clients, and collaboration.
- **Internal operations & culture:** Emphasis on organisational culture, governance, employee development, and diversity.
- **Financial management & sustainability:** Includes managing capital, consolidation, and price/outsourcing strategies.
- **Technology & risk management:** Covers cybersecurity, new technology adoption, and risk management.
- **Impact & innovation:** Focus on social impact measurement, new service development, and research.

This grouping highlights a trend towards strategic planning that addresses both external and internal factors, with growing emphasis on technology, risk, and social impact.

While financial sustainability continues to be a concern, increasing prices seems less favoured by the majority of respondents. Interestingly when compared to the findings of our 2024 Not for Profit Leaders Report on financial management, we saw different results with 54 percent of respondents looking to raise prices in the next two years. This change in sentiment may potentially indicate a focus on cost management and alternative revenue generation.

We can see that collaborating with other not for profits is a priority for 60 percent of respondents, although mergers and acquisitions (M&A) remain a low priority with only 16 percent including it in their strategic plan. The challenging landscape for the NFP sector may necessitate a shift in perspective. M&A or sharing back office support can offer a strategic advantage by increasing efficiency, expanding reach and expertise, and improving financial stability. As resource constraints tighten, some organisations may need to consider M&A as a means of survival and a path towards achieving greater impact and sustainability.

MEASURING YOUR STRATEGIC PLAN

Measuring the success of your strategic plan is crucial for ensuring it remains on track and is delivering the results you expect. This means regularly checking in on the specific goals and targets set out in the plan, and not just relying on gut feeling.

By analysing this information, you can gain a clear picture of what's working well, what needs improvement, and where adjustments might be necessary. It is about keeping a finger on the pulse of what's happening and making practical, informed decisions based on real-world information.

Measuring the financial results of your strategic plan is particularly important. It provides vital insights into the plan's impact on your bottom line, helping you gauge your financial position and allocate resources effectively.

However, it's equally important to measure non-financial data. These factors may not directly impact your finances, but they are essential for long-term sustainability and success.

We asked participants what non-financial metrics they measure with the results displayed below:

What non-financial metrics do you monitor and assess?	
Client/member satisfaction	**71%**
Client/member engagement	**69%**
Online presence – website traffic, social media engagement etc	**69%**
Client/member outcomes (i.e., delivering on the core purpose of the organisation)	**67%**
Client/member growth	**58%**
Employee engagement	**58%**
Staff turnover or retention	**58%**
Delivery in accordance with government/statutory obligations	**53%**
Strategic alignment	**47%**
Operational efficiency	**45%**
Client/member retention	**44%**
Reputation	**42%**
Brand awareness and perception	**40%**
Growth of products and services	**40%**
Social impact	**38%**
Balanced scorecard	**25%**
Environmental and social responsibility	**24%**
Market share	**16%**
Other	**4%**

These findings echo our four previous years' reports, with client/member engagement, satisfaction, and growth remaining high priorities. Interestingly, we observe a growing emphasis on factors related to employees, suggesting their increasing importance in measuring organisational success.

When we first included environmental and social responsibility in our 2024 survey, we anticipated its growing importance.

This year's results confirm this trend, with a significant increase in organisations measuring their environmental and social impact, rising from 9 percent last year to 24 percent this year.

BARRIERS

To successfully implement a strategic plan, leaders need to understand any potential roadblocks. By identifying these barriers early on, organisations can proactively adapt their strategy, allocate resources and navigate challenges with agility.

We asked survey participants about the barriers they face in achieving their strategic goals. The results are presented in the following table.

What are the barriers to your organisation achieving your strategic goals?	
Financial resource constraints	**56%**
Economic environment	**55%**
Financial sustainability	**36%**
Staffing resourcing constraints	**35%**
Ever changing environment	**33%**
Lack of adequate resources	**29%**
Staffing issues – recruitment, retention, skills and training	**29%**
Technology constraints	**25%**
Expansion is slow or not achievable	**22%**
Regulatory challenges	**22%**
Demand for services	**20%**
Difficulty in executing restructure of business	**20%**
Resistance to change	**20%**
External competitors	**18%**
Can't get past short-term issues	**16%**
Regulatory or legal constraints	**16%**
Board / Management team disconnect	**13%**
Skills of leadership	**13%**
Other	**11%**
Lack of clear vision and strategy	**7%**
Technology limitations	**7%**
Inability to collaborate with other NFPs or for profit businesses	**5%**
Unable to access new geographic locations	**4%**
Inadequate leadership support	**2%**
Lack of volunteers	**2%**
No barriers	**2%**

This data shows us that financial and resource-related challenges are the most significant barriers to achieving strategic goals. Financial resource constraints and the economic environment top the list, closely followed by financial sustainability and general resource scarcity.

Staffing issues are also prominent, encompassing resourcing constraints, recruitment, retention, and skills challenges. While other factors like regulatory challenges, demand for services and internal resistance to change are present, the data clearly emphasises the dominance of financial and staffing limitations as the primary obstacles to strategic success. These findings are in line with the results we have seen in previous years.

We asked how you overcome these barriers, enabling free text responses, the recurring themes were:

Collaboration & consultation

Risk management

Focusing on mission and priorities

Regular monitoring

Communication and transparency

Review of systems and processes

Resource management

These findings are consistent with our previous year's surveys.

Overcoming barriers faced by not for profits requires a multifaceted approach. Leaders need to look at strengthening financial sustainability by diversifying funding sources, optimising resource allocation and looking at strategic collaborations.

We wanted to understand how organisations ensure their daily operations align with their strategic plans. We asked, 'What strategies does your organisation employ to ensure alignment between the strategic plan and day-to-day operations?'

The most common themes were:

- Open communication and staff engagement.
- Utilising key performance indicators to align individual and organisational goals.
- Regular reviews and reporting mechanisms to track progress and make adjustments.
- Ensuring leadership involvement and accountability through reporting and board updates.
- Breaking down the strategic plan into actionable operational plans and integrating them into day-to-day activities.
- Establishing frameworks and standards to guide implementation and ensure consistency.

Beyond aligning daily operations with strategy, leaders must also ensure their financial forecasting reflects the organisation's strategic goals.

This alignment helps ensure that financial projections and budgets support the priorities outlined in the strategic plan.

As shown in the following table, respondents utilise a variety of methods to ensure they have alignment between strategic goals and financial modelling/forecasting.

We asked how leaders aligned their strategic goals with their financial modelling and forecasting, with the results displayed below:

How do you align your strategic goals with your financial modelling/forecasting?	
Review and compare of draft forecast to goals	**62%**
Resource allocation	**58%**
Performance metrics alignment	**56%**
Risk management integration	**42%**
Scenario planning for all forecast items	**38%**
Revenue with standard percentage of costs	**24%**
Other	**4%**
None of the above	**2%**

KEY TAKEAWAYS

- Strategic plans must be both responsive to change and provide a stable foundation for long-term goals.
- Leaders must be adaptable to effectively navigate evolving conditions and unexpected challenges.
- Leaders need to include a wide selection of stakeholder in the strategic planning process.
- Developing or diversifying funding sources must be a focus for leaders.
- Impact measurement will be key for organisations looking to retain or obtain new funding sources.
- With demand for services increasing, leaders need to explore partnerships and mergers to enhance capacity and expand reach.
- Leaders must identify and rectify obstacles that hinder their progress toward meeting their strategic goals.
- All financial decisions must be directly aligned with and support the organisation's overarching strategic objectives.

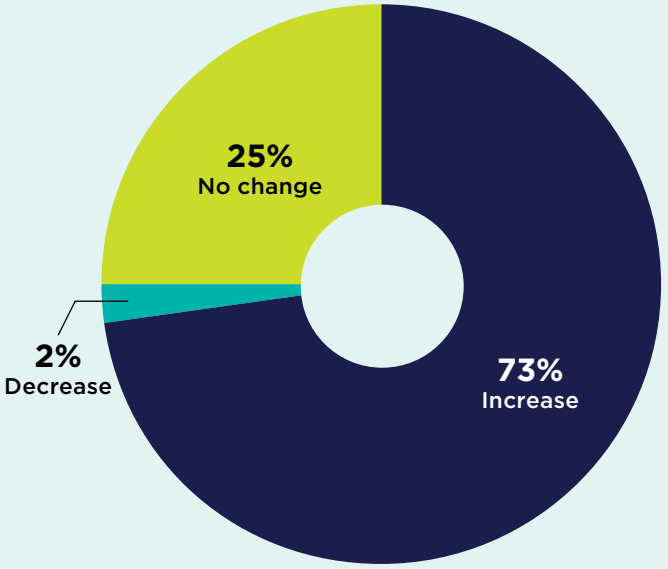
CLIENTS / MEMBERS

Not for profit organisations serve a diverse array of individuals and groups, including clients, customers, beneficiaries, the community, stakeholders and members, each of whom may receive various products and services tailored to their specific needs and interests. (For the purpose of this report we will use the generic term 'customer').

As highlighted earlier in this report the current economic climate is creating challenges for all sectors of the community – no more so than the not for profit sector.

We asked whether you'd seen a change in the need or requests for your organisation's core services in the last 12 months.

Have you seen a change in the need or requests for your organisation's service/s



What should be of concern to leaders is this increasing trend does not look like it is waning, with demand increasing year on year for the last four years of our surveys.

We asked if this increase on demand was consistent with the 12 months prior, with 69 percent saying they had seen an increase, and 91 percent anticipating an increase on demand for services over the next 12 months.

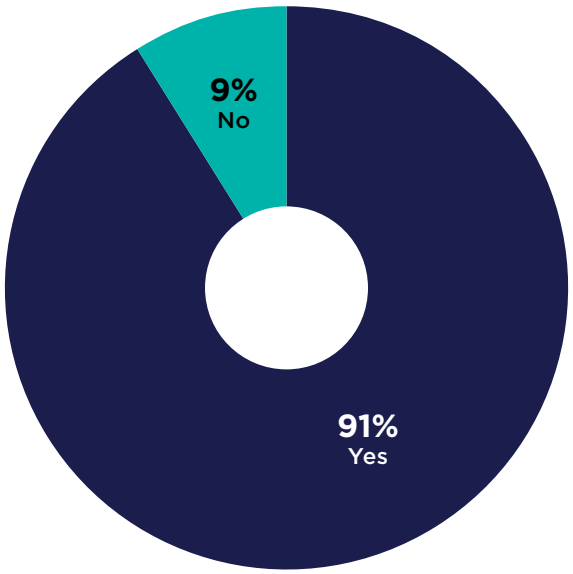
These stark predictions highlight the necessity for robust strategic planning. This sustained, escalating demand necessitates a proactive, rather than reactive approach. Without it, not for profits risk being overwhelmed, unable to meet the growing needs of their communities and ultimately failing in their mission.

When we delved further into why or why not respondents thought there would be a change in the demand for their services the responses were wide and varied. The consistent themes to come out were:

- Economic factors – primarily cost of living crisis and growth in homelessness.
- Ageing population and associated health issues.
- Services are restricted by financial constraints.
- Increase in capability & services leads to an increase in demand.
- More complexity in the sector putting pressure on resources.

Is this consistent with the 12 months prior?	
We have seen an increase	**69%**
We have seen a decrease	**4%**
There has been no change	**27%**

Do you anticipate an increase in demand for your services over the next 12 months?



MARKETING

While not for profit organisations don't sell products or services in the traditional sense, they need to engage in marketing to a variety of stakeholders for a variety of different purposes.

This includes cultivating relationships with beneficiaries and the wider community, securing funding from diverse sources and attracting and retaining passionate employees and volunteers.

We asked how leaders were currently marketing their organisation with the findings displayed in the following table:

How are you currently marketing your organisation?	
Digital marketing e.g. website, email	**85%**
Networking	**73%**
Social media	**73%**
Face to face events	**56%**
Online events including webinars	**47%**
Digital advertising e.g. Google ads	**45%**
Providing conference speakers	**44%**
Conference exhibition	**42%**
Press releases, articles and media relations	**42%**
Print advertising including magazines, newspapers and brochures	**33%**
Affiliate marketing – with other NFPs	**27%**
Hosting corporate days	**27%**
Brand ambassador/s	**24%**
Direct mail – hard copy	**22%**
Outbound sales calls	**16%**
Other	**16%**
TV or radio advertising	**15%**
Videos	**15%**
Podcasts	**13%**
Referral / word of mouth	**11%**
Affiliate marketing – with for profit businesses	**5%**
Outdoor advertising including billboards	**5%**

The data reveals that organisations primarily rely on inexpensive digital marketing channels, notably websites and email, with a significant majority of respondents employing these methods.

Social media platforms also play a crucial role, indicating a strong emphasis on online engagement and building a community.

Networking, conference speakers, conference exhibition and other events show us that organisations are prioritising getting their message across through presentations and face to face events.

Overall, the data suggests organisations are using a diverse range of marketing strategies.

We asked what could assist you in reaching new clients or members on an efficient basis, the key challenges and themes included:

A need for more resources and financial limitations

Technology not meeting the needs of the organisations

Current staff are already overstretched

Competitive landscape for not for profits

A lack of awareness of the organisation and its mission

CUSTOMER SATISFACTION

Measuring customer satisfaction is essential for not for profit organisations to measure their effectiveness and impact. By gathering feedback, organisations can identify areas for improvement, tailor programs and enhance the quality of their services.

This fosters trust, loyalty, and engagement among beneficiaries, clients, donors and other stakeholders, ultimately strengthening the organisation's reputation and sustainability. Satisfied customers are more likely to become advocates, attracting new supporters and resources.

Encouragingly, most respondents actively measure customer satisfaction, demonstrating a commitment to continuous improvement and responsiveness to stakeholder needs.

When asked how organisations measure customer/client satisfaction or performance it was pleasing to see the majority of respondents activity measure this. The findings were similar to those in our previous surveys.

How do you measure client/member satisfaction or performance?	
Surveys (email, SMS etc)	**76%**
Complaints and grievances	**65%**
Focus groups & interviews	**55%**
Face to face meetings	**51%**
Anecdotal	**45%**
Repeat purchase / member renewal	**29%**
Phone calls	**25%**
Net promoter score	**18%**
Other	**9%**
It's not directly measured	**7%**
Mystery shopper	**2%**

Measuring customer satisfaction is essential for not for profits to ensure they are effectively meeting the needs of their beneficiaries and the community. This feedback allows for service improvements, builds trust with stakeholders, and strengthens their reputation, ultimately helping them better fulfill their mission and achieve long-term sustainability.

KEY TAKEAWAYS

- With demand for services increasing leaders must carefully manage resources and look at diversifying funding sources.
- Multi-channel marketing initiatives are needed to attract donors, employees, supporters and volunteers.
- Building a strong community is crucial, as it transforms supporters into advocates who authentically share your story.
- Technology is essential for leaders to build and implement data-driven strategic plans.
- To drive continuous improvement, leaders must prioritise measuring customer satisfaction and act decisively on feedback.

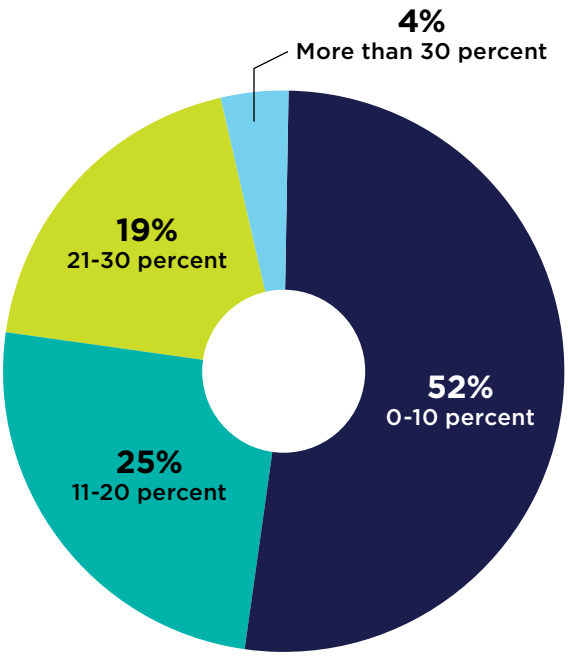
PEOPLE & CULTURE

In the not for profit sector, where passion and purpose drive impact, employees and culture are the cornerstones of success.

With the Australian unemployment rate at a low 4.1% in March 2025 (Australian Bureau of Statistics), attracting and retaining top talent remains a key focus for organisations navigating a competitive labour market.

We asked, over the last 12 months, what is your level of staff turnover, and saw similar findings to our previous four surveys.

Over the last 12 months, what is your level of staff turnover?



We asked if this was consistent with previous years with 56 percent saying yes, 33 percent saying turnover had decreased and only 12 percent saying turnover had increased.

It's important to note that in smaller organisations a high turnover could be down to one or two people leaving, so it's essential to look beyond the raw numbers and understand the context. For example, were these departures planned retirements, or did they signify deeper issues with employee satisfaction or retention?

Investigating the reasons behind turnover can reveal valuable insights for improving workplace culture and reducing future attrition.

With the majority of organisations facing some level of employee turnover over the past 12 months, we asked how you were looking to cover staffing holes/gaps, with the responses displayed below:

How are you looking to cover staffing holes/gaps?	
Automation / process improvement	**58%**
Contractors	**52%**
Part-time employees	**42%**
Artificial intelligence	**38%**
Recruiting like for like	**38%**
Volunteers	**29%**
Recruiting older workers	**13%**
Other	**12%**

With the Australian unemployment rate at a low 4.1% in March 2025 (Australian Bureau of Statistics), attracting and retaining top talent remains a key focus for organisations navigating a competitive labour market.

Organisations are increasingly leveraging automation and artificial intelligence to streamline processes and empower employees to focus on higher-value tasks, a trend that has accelerated significantly over the past five years of our surveys.

We asked leaders to rank their organisations major human resource challenges, and the results are displayed below:

1. **Remuneration**
2. **Recruitment & retention of staff**
3. **Legal and Regulatory Compliance**
4. **Compliance with awards**
5. **Employee mental health & well-being**
6. **Training – adequate financial resources to upskill**
7. **Non-waged based incentives for attraction or retention of staff**
8. **Attraction / retention of volunteers**

The data highlights the need for organisations to prioritise competitive compensation (financial and non-financial incentives), employee well-being and effective recruitment and retention strategies.

We asked what incentive structures organisations had for employees, with the results displayed below:

What employee incentive structures do you have in place?	
Flexible work arrangements	**83%**
Employee Assistance Program	**69%**
Salary packaging	**69%**
Time off in lieu	**69%**
Additional annual leave	**48%**
Onsite parking	**48%**
Compressed working week and/or RDOs	**40%**
Cash out leave	**33%**
Phone / technology allowance	**33%**
Ability to purchase leave	**27%**
Discretionary or performance bonuses	**27%**
Health and wellness programs	**27%**
Organisation funded paid parental leave	**25%**
Training allowances	**23%**
Recognition programs e.g. employee of the quarter etc...	**17%**
Volunteering leave	**17%**
Well-being or recharge days	**17%**
Other	**13%**
Mentor program	**10%**
Paid or subsidised gym memberships	**4%**

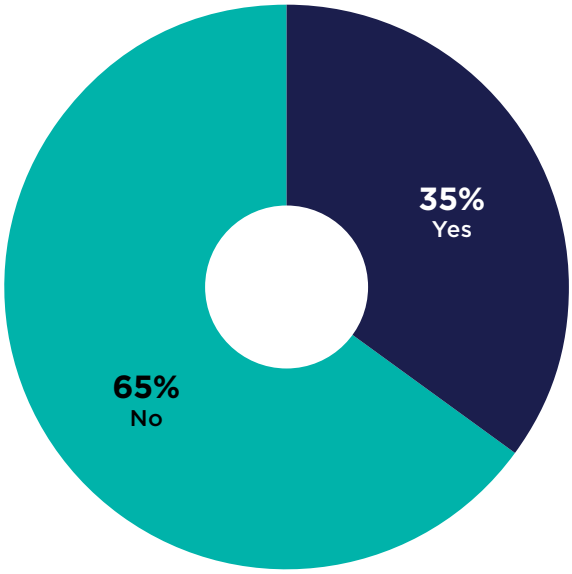
Flexible work arrangements and employee well-being continue to be top priorities for organisations, with the majority offering flexible work arrangements, employee assistance programs and salary packaging.

As organisations are looking to retain key employees, we are also seeing new incentives such as working condensed weeks for the same salary.

Whilst many leaders may be continually looking at employee retention, it is vital that organisations' leaders (including the Board) have succession plans in place for the senior management.

We asked whether you had succession plans in place for senior management with 35 percent responding yes.

Do you have a succession plan for senior management?



These findings are reflective of what we have seen across previous years, with approximately one third of organisations having succession plans in place.

The importance of succession plans for senior management in not for profits cannot be underestimated. A well-defined succession strategy ensures continuity of leadership and mission-critical operations as well as safeguarding the organisation's long-term stability and impact.

This is particularly important in organisations that are founder-led, where the departure of the founding figure can create a significant vacuum and potentially disrupt established relationships and institutional knowledge.

For those respondents that had succession plans in place there was a strong emphasis on internal promotions and training programs, reinforcing strong employee retention strategies.

ORGANISATIONAL CULTURE

Measuring organisational culture is important for understanding how employees feel about their workplace, finding areas to improve and making smarter decisions. It helps align the organisation's values with goals, drives better performance and builds a positive reputation.

We asked how leaders were measuring the organisation's culture, with the responses shown below:

How do you measure your organisational culture?	
Turnover and retention	**63%**
Regular surveys	**54%**
Anecdotal	**44%**
Key performance indicators	**37%**
It's not directly measured	**25%**
Employee net promoter score	**17%**
Other	**8%**

Again we see very similar results to previous years, with turnover, retention and surveys ranking highly.

Concerningly, 25% of respondents report not directly measuring their culture, which may leave them unaware of underlying issues impacting employee morale, productivity and potentially organisational success.

A great workplace culture is the secret sauce that makes an organisation thrive. It's the unique blend of values, behaviours and beliefs that create a positive and productive environment for employees.

So, what makes a great workplace culture?

- **Respect and appreciation:** employees feel valued and respected for their contributions. Their opinions matter, and their work is recognised.
- **Trust and transparency:** Open and honest communication flows freely. Leaders are trustworthy and employees feel comfortable sharing ideas and concerns.
- **Collaboration and teamwork:** People work together effectively, supporting each other and celebrating successes as a team.
- **Growth and development:** Employees are encouraged and supported to learn new skills and advance their careers.
- **Work-life balance:** The organisation understands the importance of a work-life balance and provides flexibility and support to achieve it.
- **Purpose and meaning:** Employees feel connected to the organisation's mission and values, and they find their work meaningful.
- **Diversity and inclusion:** Everyone feels welcome and included, regardless of their background, beliefs or identity.
- **Fun and celebration:** The workplace has a positive vibe, with opportunities for fun, social interaction and celebrating achievements.

KEY TAKEAWAYS

- With employee turnover rates stagnating leaders must prioritise ongoing retention efforts with financial and non-financial incentives.
- Low unemployment requires a creative approach to workforce planning, including exploring alternative talent arrangements and process improvement.
- A commitment to employee mental health and well-being is essential for leaders and their teams.
- Leaders need to review any incentives to ensure they are meeting the needs of the employees.
- Succession planning for senior managers must be a priority for organisations and boards.

TECHNOLOGY

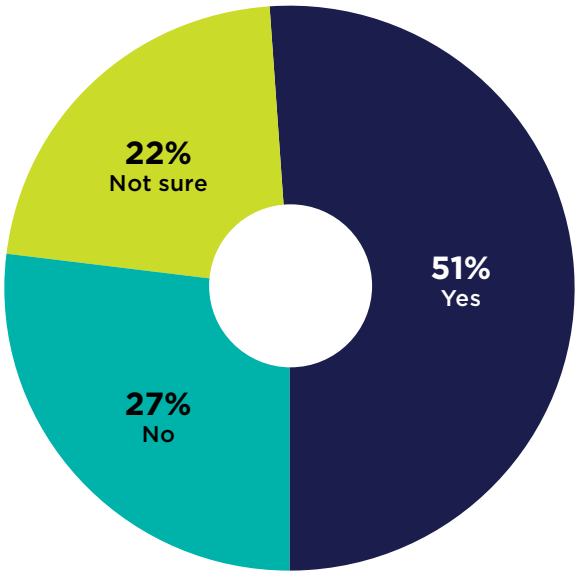
In today's rapidly evolving technological landscape, it's a constant challenge to keep pace with the latest trends and determine their suitability for your organisation.

Artificial intelligence (AI) and automation are revolutionising technology, however these also come with risks that need to be carefully considered before organisations dive headfirst into implementation.

In previous years surveys we asked whether leaders thought AI and automation would affect their organisation, with results from 2024 saying that 67 percent responding yes, 24 percent not sure and 9 percent no.

This year we asked whether these had impacted the organisation with the results shown below:

Have artificial intelligence (AI) and/or automation impacted your organisation?



We then asked how AI and automation was impacting the organisation, allowing for free text responses. We can see that some organisations are in the early stages of adopting AI and technologies like Microsoft Copilot. Some organisations are already seeing increased efficiency on administrative tasks, document reviews and processes.

After the buzz of things like ChatGPT over the past few years, leaders are now more cautious, talking about security vulnerabilities and risks involved with such products.

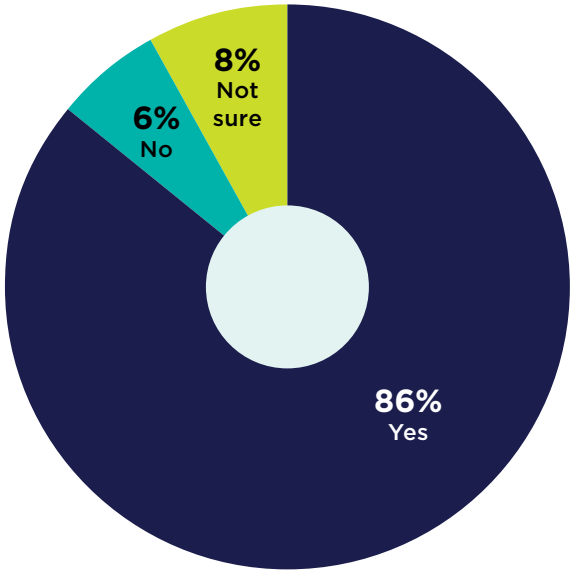
CYBERSECURITY

Cybersecurity should be of paramount concern to leaders of all organisation – no matter the size.

When asked if you were concerned about a cyber-attack on your organisation, 86 percent responded yes. This was in line with the findings we had in previous years with more than 80 percent consistently responding yes.

Interestingly in the 2023-24 AICD NFP Governance & Performance Study, 21 percent of respondents indicated their organisation had experienced a cyber-attack in the last twelve months, highlighting the importance of prioritising cybersecurity and emphasising the need for continuous vigilance.

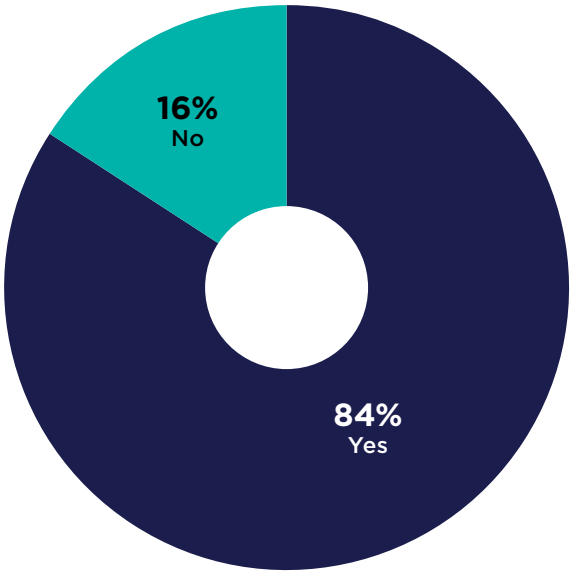
Are you concerned about a cyber-attack on your organisation?



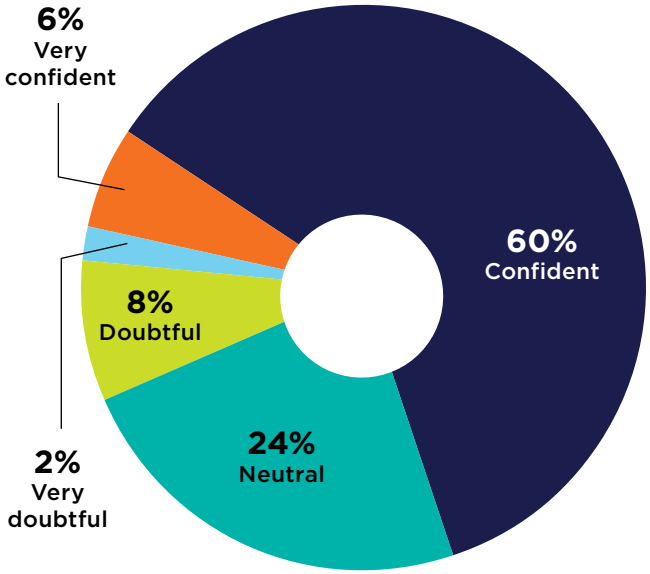
Pleasingly, the majority of respondents indicated that they provide cybersecurity training to their employees. However, a concerning 16 percent do not offer any training, highlighting potential vulnerability and risk exposure.

We asked how confident respondents were in their systems being able to withstand a potential attack – 67 percent were either somewhat confident or very confident. This result was a decrease in previous years reports by at least 10 percent. The prevalence of media reports affecting even the largest of businesses in Australia likely contributes to this diminished confidence.

Do you provide cybersecurity training to your employees?



How confident are you in the resilience of your IT systems to withstand a potential cyber-attack?



Whilst no technology can guarantee absolute safety and security 100 percent of the time, it's imperative for leaders to prioritise having the most robust systems available to mitigate risks effectively.

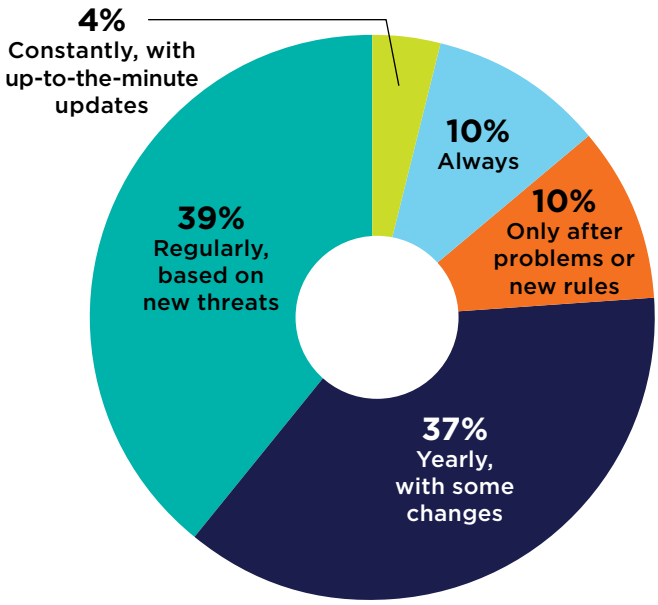
Given the growing number of cyber threats, it's important to examine how organisations perceive their own defences, so we asked how confident you were in your systems being able to withstand a potential attack.

Overall, the data reveals a tempered sense of confidence, with organisations acknowledging the ongoing challenge of maintaining robust cybersecurity in the face of the rising number of threats.

Keeping up to date with the latest risks is important, but leaders also need to ensure they keep all cybersecurity policies and procedures updated to support the organisation and the employees.

We asked how often you kept these documents and procedures updated with the responses displayed below.

How often are your cybersecurity policies and procedures reviewed and updated?



The optimal frequency for reviewing and updating cybersecurity policies and procedures for not for profits is not a one-size-fits-all answer.

It depends on various factors such as the rate of technological change, regulatory requirements, internal audit findings and past cybersecurity incidents.

However, at a minimum, annual reviews are recommended as a baseline. Organisations handling highly sensitive data or operating in high-risk environments may need more frequent reviews.

Additionally, trigger-based reviews should be conducted whenever significant events occur, such as technology upgrades, new threats, security breaches or regulatory changes.

A proactive approach to policy review and updates are crucial to ensure ongoing protection in an ever-evolving digital landscape.

USE OF DATA

In today's dynamic landscape, organisations need to be agile and responsive. Leveraging data for strategic decision making is no longer a luxury, but a necessity for organisations to gain a competitive edge and ensure long-term sustainability.

How well does your organisation use data for strategic decision making?

While it's positive to see that 73 percent of respondents are using data at least regularly, there is still room for improvement across the majority, with only 10 percent reporting that data guides all strategic decision making.

For those that use the data effectively, we asked how the data was used. The responses ranged from basic forecasting and resource allocation to more advanced techniques like business intelligence and scenario modelling. Specific examples include data analysis for decision-making, post-campaign analysis, survey information and even competitor data.

The importance of data in strategic decision-making is undeniable. While many organisations utilise data to some extent, there's a clear opportunity for improvement in developing a truly data-centric culture.

Integrating data analysis into regular strategic processes and embracing more advanced analytical techniques can unlock deeper insights and drive more informed decisions.

The power of AI in analysing large amounts of data quickly is reshaping how organisations operate.

Some of the key capabilities of using AI in decision making is:

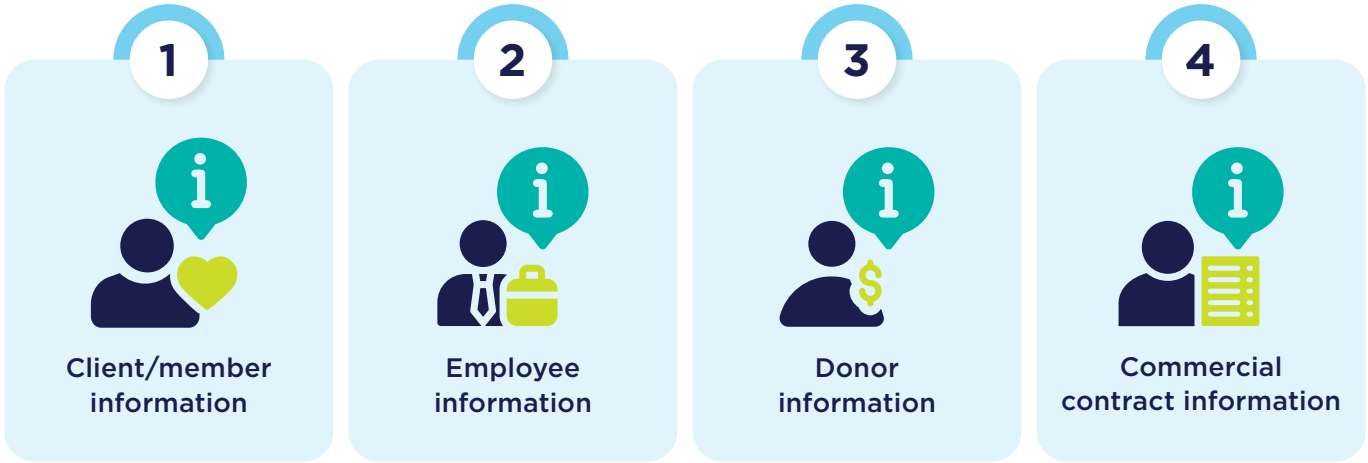
- Processing multiple large datasets far faster than traditional methods.
- Automation of repetitive tasks.
- Identifying complex patterns and correlations.
- Uncover deeper, more nuanced insights by analysing data at a granular level.

By moving beyond basic data usage and leveraging its full potential, organisations can gain a competitive edge, mitigate risks, and achieve sustainable growth.

However, on the flip side, organisations must prioritise data privacy to ensure ethical and effective implementation. Organisations must ensure they have undertaken appropriate due diligence to ensure the product used is fit for their purpose, as well as ensuring appropriate training, policies and procedures are provided to all employees to understand how to use it.

RISK MANAGEMENT

To understand the perceived data risk priorities among organisations, we asked leaders to rank their highest data risk from 1 to 4 where 1 was the highest data risk and 4 the lowest. As in previous years, client/member information ranked number 1 – with 61% of respondents ranking it the highest. The list ranked in order was:



These responses are constant with our previous year's surveys.

We asked what measures you had in place to protect your data, with the results being displayed in the table below:

What measures do you have in place to protect your data?	
Antivirus software	**96%**
Access controls e.g. multifactor authentication	**92%**
Data backup and recovery	**90%**
Firewalls and network security	**88%**
Security policies and procedures	**80%**
Staff training	**75%**
Regular audits and assessments to ensure compliance with data security requirements	**59%**
Encryption of data	**49%**
Penetration testing	**47%**
Physical security controls i.e. cameras, alarms for server rooms etc	**41%**
Vulnerability management	**27%**
Other	**4%**

The majority are utilising antivirus software, access controls like multifactor authentication data backup and recovery and firewalls/network security – indicating a solid understanding of core security practices.

It's encouraging to see that organisations are taking a multi-layered approach to data protection, with a strong emphasis on foundational security measures.

By implementing a variety of security measures, organisations can significantly reduce their risk of cyber-attacks and protect their valuable information assets.

However, it's essential to remain vigilant and continuously adapt security strategies to stay ahead of evolving threats.

KEY TAKEAWAYS

- Integration of AI and automation offers significant opportunities for increased efficiency and innovation.
- Diligent risk evaluation and ethical oversight are essential for the responsible implementation of new processes and technology.
- Cybersecurity is a persistent and paramount concern, so leaders must continue their investment in cybersecurity policies, procedure and controls implementation.
- Leaders and boards must prioritise the evaluation of digital assurance services to safeguard the organisation's data and systems.
- A proactive and strategic review of technology is essential to optimise organisational performance and efficiency.
- Leaders must continue to focus on data privacy, employing a range of solutions to ensure robust data protection.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) AND SUSTAINABILITY

Although environmental, social, governance (ESG), and sustainability are not yet part of every organisation's strategic plan, they are increasingly becoming areas of strategic focus for many. Integrating sustainability into an organisation's strategic plan is essential for ongoing success and will soon become a critical necessity for most organisations.

Organisations are increasingly facing heightened stakeholder expectations, with donors, volunteers, and the communities they serve demanding greater accountability and transparency regarding environmental and social impact.

Embedding ESG principles within an organisation's core strategy, allows not for profit organisations to enhance their reputation, attract funding and foster stronger relationships with internal and external stakeholders.

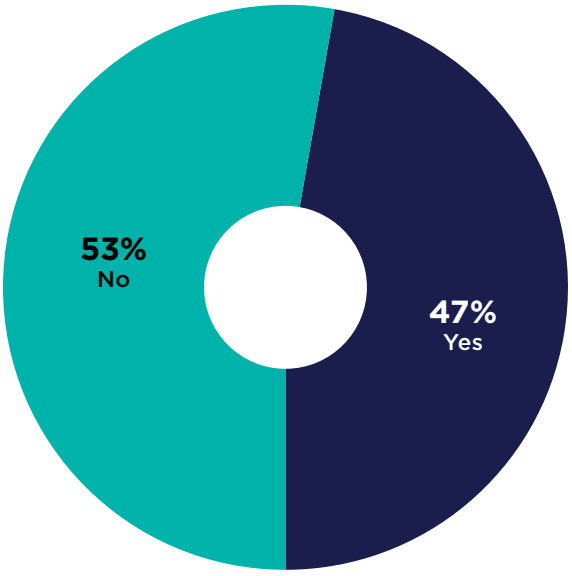
We asked whether you had included ESG and sustainability considerations in your current strategic plan, with 47 percent responding yes.

Further responses indicated that some organisations are in the early stage of the implementation of sustainability initiatives. Many respondents stated that sustainability matters will be prioritised within future strategic plans.

Social equity and inclusion was noted as a prominent priority for many organisations, alongside reducing environmental impacts through initiatives such as waste and land management. Good governance was widely recognised, with some organisations emphasising ethical investment and board practices.

We asked organisations to identify their key sustainability priorities (allowing for multiple responses).

Are ESG & Sustainability considerations included within your strategic plan?



What are your organisation's key sustainability priorities?	
Social equity and inclusion	**61%**
Reducing environmental impact (e.g., energy consumption, waste)	**51%**
Ethical procurement and supply chains	**47%**
Compliance with mandatory climate-related financial disclosures	**22%**
Climate change mitigation and adaptation	**18%**
None of the above	**16%**
Other	**14%**

The responses reveal a strong emphasis on social equity and inclusion as a priority, followed closely by reducing environmental impact and ensuring ethical procurement.

We observed a growing emphasis on climate-related financial disclosure compliance, driven by the recently released Australian Accounting Standards Board and globally aligned *AASB S1: General Requirements for Disclosure of Climate-related Financial Information* and *AASB S2: Climate-related Financial Disclosures standards.* These standards, applicable to certain entities from 1 January 2025, will significantly impact many organisations.

Does your organisation measure and track ESG and sustainability metrics?	
Yes	**12%**
No	**51%**
Partially	**37%**

We can assume there are a number of reasons organisations are not tracking these metrics yet, including lack of expertise, lack of resources and the challenges with reliable data collection.

An analysis of the data that organisations are collecting is shown in the table below:

If yes, what data do you currently collect?	
Employee health & safety	**49%**
Board diversity & independence	**41%**
Employee diversity and inclusion	**39%**
Community social impact data	**24%**
Other	**20%**
Waste generation & diversion	**10%**
Carbon footprint	**4%**

Our observations indicate that entities with robust systems for measuring and tracking reliable sustainability data achieve their strategic priorities more rapidly.

These findings reveal a significant emphasis on social factors. Employee health and safety ranked highest, aligning with employers' focus on wellbeing. Board and employee diversity and inclusion were also prominent, indicating a prioritisation of internal social metrics.

KEY TAKEAWAYS

- To enhance long-term value and mitigate risks, leaders must embed ESG and sustainability into the strategic plan.
- Prioritise proactive stakeholder engagement to ensure sustainability transparency, anticipating future reporting requirements.
- Leaders must develop robust frameworks for reporting carbon emissions and environmental/social impact to meet funding requirements.
- Undertake a baseline carbon footprint analysis to inform strategic emissions reduction.
- Integrate sustainable practices into all operational decisions.
- Conduct a materiality assessment and create a mission-aligned sustainability strategy.

GOVERNANCE & RISK

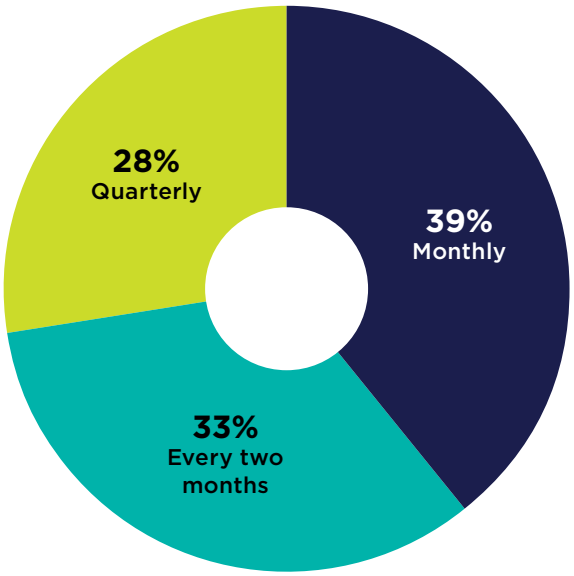
Strong governance is the backbone upon which not for profit organisations are built. And at the heart of good governance lies a dedicated and effective board.

Think of the board as the ship's captain, charting the course, making critical decisions, and ensuring smooth sailing. They are the guardians of the organisation's mission, its resources, and its ethical compass.

Effective boards are diverse, transparent, and accountable. They bring a variety of perspectives to the table, operate in the open and take responsibility for their actions.

To understand the governance landscape in the sector, we asked how often your board meets. The results are displayed below:

How often does your Board meet?



When we compare this data with previous years, we are seeing a similar distribution to previous years. This indicates that organisations have found a meeting schedule that works for them.

The frequency of board meetings can vary depending on the organisation's needs, size, and complexity of operations.

Some boards may choose to meet more frequently, especially during times of significant decision-making or when facing challenges requiring immediate attention.

Ultimately, the key is to strike a balance between maintaining regular communication and avoiding unnecessary administrative burden on board members.

Determining the right mix of board members involves assessing their collective skills, diversity, commitment, alignment with the organisation's mission and values, leadership qualities, strategic focus and adaptability.

We asked, how board members were evaluated in terms of their skills and contribution, with more than a third of respondents using informal assessments, down from 50 percent in 2024.

How are board members evaluated for their skills, experience and contributions to the organisation?	
Informal assessments by board leadership	**39%**
This is not done	**29%**
Formal board performance evaluations	**27%**
Feedback from staff and stakeholders	**20%**
Other	**12%**

* Note – respondents were able to select multiple responses

Evaluating board members is essential for success. It ensures the board's skills and experience align with organisational needs, optimises performance and promotes accountability.

Leading on from this we asked, how often does the board conduct a formal evaluation of its performance with the results displayed below:

How often does the board conduct a formal evaluation of its own performance?	
Annually	**39%**
Biennially	**8%**
Every three years	**6%**
Not conducted	**43%**
Other	**4%**

These results show a significant gap in board evaluation practices. While some organisations conduct annual reviews, a worrying number don't evaluate their board at all. This highlights a potential weakness in governance, hindering effectiveness and accountability.

As highlighted earlier, the role of the board is to provide governance, strategic direction and oversight to ensure the organisation is being operated effectively and fulfilling its mission.

We wanted to understand the degree of involvement that your board had in setting goals and priorities, with the responses displayed below.

What role does the board play in setting organisational goals and priorities?*	
Active involvement in goal setting and priority-setting processes	**67%**
Delegation of goal setting to management or staff	**43%**
Limited involvement or oversight	**10%**
Other	**2%**

* Note – respondents were able to select multiple responses

This data shows the majority of respondents (67 percent) boards are actively involved in setting goals and priorities, indicating a hands-on approach to governance.

However, a significant portion (43 percent) delegates this responsibility to management or staff, suggesting a more hands-off approach.

Best practice lies in finding a balance between these two approaches. Boards should be actively involved in shaping the organisation's strategic direction and priorities, ensuring alignment with the mission and long-term vision. However, they should also trust and empower management to develop and implement specific goals and operational plans.

RISK MANAGEMENT

Strong risk management policies, frameworks, and tools are essential components of sound governance practices and are crucial for ensuring legal compliance.

Earlier in the survey we asked about the biggest data risk, here we asked what the single biggest risk to your organisation was, with the results displayed below.

What is the single biggest risk to your organisation?	
Financial viability	**28%**
Funding changes	**18%**
Changes in legislation & regulation	**8%**
Technological obsolescence	**8%**
Business interruption (e.g. pandemic)	**6%**
Competitors	**6%**
Cyber security incident/s	**4%**
Governance challenges	**4%**
Loss of reputation	**4%**
Natural catastrophes	**4%**
Regulatory compliance	**4%**
Talent shortage	**4%**
Employee resourcing	**2%**

With more than a quarter of respondents highlighting financial viability, we can determine that the current economic environment is creating significant challenges for not for profits. These findings are reflective of our previous year's reports.

Funding changes and regulatory shifts also rank highly, emphasising the external pressures organisations face.

Interestingly, while technology, cybersecurity, and talent shortages are recognised risks, they are not perceived as the most significant threats.

In today's uncertain landscape, robust risk controls are no longer merely a compliance requirement, but a strategic imperative for not for profits to safeguard their missions, ensure long-term sustainability and build resilience.

We asked what risk management controls respondents had in place with the results displayed below:

Which of the following does your organisation have in place?	
External audit	**86%**
Risk management framework	**78%**
Risk register/s	**78%**
Audit & Risk Committee	**69%**
Operational risk checklists	**57%**
Compliance/Risk Officer	**35%**
Risk specialist on the Board	**35%**
Quality assurance certification and accreditation/s	**25%**
Internal audit	**20%**
Outcomes measurement framework	**18%**
Other	**4%**

While the majority of organisations demonstrate a strong foundation in traditional risk management practices, such as external audits and risk registers, there are some gaps primarily around internal audit and impact measurement.

This suggests a need for a more holistic approach to risk management that goes beyond compliance to encompass strategic impact and continuous improvement.

Not for profits are increasingly relying on third-party organisations to provide external expertise and resources; this growing reliance brings new challenges and complexities that require careful consideration.

We asked how you were monitoring and managing the risks with these third parties with the responses displayed below:

We can see that organisations are actively managing risks through proactive communication, contractual oversight, and regular reviews.

However, a less prevalent risk-based approach suggests a potential gap in strategically prioritising resources and focusing on the most critical threats.

By strengthening risk-based strategies, not for profit organisations can enhance their resilience and ability to navigate evolving challenges effectively.

How do you monitor and manage the risks associated with third party businesses?	
Ongoing communication and due diligence	**69%**
Contractual obligations and performance monitoring	**57%**
Regular reviews and assessments	**47%**
Risk-based approach	**33%**
Other	**2%**

* Note – respondents were able to select multiple responses

KEY TAKEAWAYS

- A high performing board should leverage the strength of diverse expertise and backgrounds.
- Regular board evaluations are essential to ensure alignment and effectiveness in driving the organisation's strategic goals.
- Effective risk management enables not for profits to proactively address threats to financial stability and reputation.
- Organisations need to focus on continuously assessing and enhancing their risk management frameworks to ensure robust governance and effective risk mitigation.
- Good governance practices cultivate a culture of integrity, attracting and retaining talented staff and volunteers.

NOT FOR PROFIT STRATEGY PILLARS

WE KNOW THAT A STRATEGIC PLAN HAS TO BE A LIVING TOOL, ENSURING YOU CAN ACHIEVE YOUR MISSION-DRIVEN GOALS.

We've developed our NFP strategy pillars, a focused process designed to drive operational efficiency. This framework provides a structured approach to streamlining internal processes, optimising resource allocation, and enhancing overall organisational effectiveness. By implementing these pillars, we help not for profits minimise waste, maximise impact and achieve sustainable growth, allowing them to concentrate on their core mission.

MEET THE TEAM

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ABOUT US

EXCLUSIVE NOT FOR PROFIT 'THE ENFP' COMMUNITY

The Exclusive Not for Profit Community (ENFP) was founded in 2010, following consultation with senior key sector leaders seeking a forum where they could raise and explore their strategic topics, sound board day to day issues, challenges and collaborate with peers to create greater impact on society.

The ENFP is complimentary to join thanks to the support of the strategic community partners:

- HLB Mann Judd – Advisers and Accountants
- Commonwealth Bank.

The purpose of the ENFP Community is to:

- Educate
- Collaborate
- Connect.

As a member of the community, you will have access to:

- Ongoing educational sessions includes webinars, in person seminars and other resources.
- An exclusive LinkedIn group with over 1300 key not for profit leaders
- Access to extensive network of professional service providers specialising in the not for profit sector.

HLB MANN JUDD – ADVISERS AND ACCOUNTANTS

HLB Mann Judd Partners and staff are deeply committed to Australia's growing not for profit sector. The specialist not for profit team understand the nuances and challenges unique to the sector.

The not for profit team lead by Aidan Smith, Head of Not Profit Australasia, and Partner Assurance & Advisory, is made up of more than 40 specialists working alongside the sector.

The challenges not for profits face inevitably involve raising revenue and containing costs... just like any other business providing services. The objective of building capacity faces every not for profit – achieving a balance of reliable revenue from clients/members, events, external grants and donations against the services provided. A key business focus involves strategically managing core staff to maximise the impact of volunteer engagement, ensuring alignment with the organisation's vision.

We can assist you with financial stewardship, advise on efficient structuring at board and operational levels, help you minimise risks to your results (actively and defensively), and enhance performance through better knowledge and reporting of your financial and non-financial outcomes. This accountability, with transparency and openness, helps your organisation grow synergistically and deliver.

We will assist you in maximising the impact of any surplus by ensuring responsible management: retention, strategic investment for growth, transparent accounting and timely reporting and proactive planning future utilisation.

Our services are delivered by committed teams, led by experienced partners, who are dedicated to achieving exceptional results helping your organisation meet your goals. We offer integrated or standalone services including:

- Audit & Assurance
- Business strategy
- Corporate advisory services
- Digital assurance & advisory
- Environmental, social, and governance (ESG) advisory
- Fraud & risk mitigation
- Governance & structuring advice
- Remuneration advisory
- Tax advice & compliance

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All material contained in this presentation is written in general terms and should be seen as broad guidance only. No material should be accepted as authoritative advice and any person wishing to act upon the material should first seek considered professional advice that will take into account the specific facts and circumstances. No responsibility is accepted or assumed for any action taken by anyone in reliance on the information in this presentation.

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ENFP
COMMUNITY