

## High-Performing Nonprofit Boards Driving Sustainability and Success



Nonprofit organizations continue to be one of society's most vital resources in addressing immediate needs and working towards long-term solutions. They provide essential services that ensure basic human dignity, such as food banks, shelter, and outreach programs, health and educational services, and meeting community needs in times of crises. Nonprofits are also incubators of social enterprise, fostering workforce development, research, and innovation.

# Introduction

Today, nonprofit organizations face increased pressure. From rising program costs and greater demand for services to uncertainty of revenue resulting from federal funding cuts, the fiduciary and strategic role of a nonprofit board is mission-critical for the sustainability and success of an organization.

Below are some of the key challenges confronting nonprofits, followed by what highly effective boards do, drawing on principles laid out by the Kellogg School Center for Nonprofit Management at Northwestern University. These key takeaways are meant to empower board members and Executive Directors with practices to ensure nonprofit boards are agile and effective.

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## What Nonprofits Are Up Against: Recent Statistics

Challenge	What the Data Shows <sup>1</sup>
<b>Financial uncertainty</b>	<p>In a survey by the Nonprofit Finance Fund (NFF), <b>36%</b> of nonprofits ended 2024 with an operating deficit—the highest in 10 years.</p> <p>Many nonprofit leaders do not anticipate increases in revenue even as costs rise.</p> <p>81% of organizations report that raising funds that cover full costs is a challenge.</p>
<b>Rising demand for services</b>	<p>Nearly <b>85%</b> of nonprofits expect service demand to increase in 2025.</p>
<b>Inflation and escalating costs</b>	<p>86% say inflation is impacting their organization or clients.</p>
<b>Staffing &amp; workforce challenges</b>	<p>Nearly half of nonprofit leaders cite issues with recruitment or retention, and many report difficulty filling vacancies. Burnout is widespread among leaders and staff.</p>

Taken together, these pressures mean nonprofits must make hard choices: how or whether to maintain programs, how to compensate and retain staff, how to plan for future uncertainty, and how to maintain morale and mission integrity in the face of these headwinds. Nonprofit boards must operate by strong principles to effectively navigate these challenges.



<sup>1</sup> Nonprofit Finance Fund 2025 *State of the Nonprofit Sector Survey* and Center for Effective Philanthropy *State of Nonprofits 2025*

# Principles for Highly Effective Nonprofit Boards

William Blair collaborated with the Kellogg School Center for Nonprofit Management at Northwestern University to share this set of competencies, practices, and principles that help define high-performing boards.

## 1. Laser Focus on Mission, with Data-Driven Metrics of Progress

Board members must ensure that their organization has clear metrics, tracks progress, and course corrects when data shows drift—outcomes, not just outputs. When resources are tight and needs grow, mission alignment is the anchor that prevents waste, mission creep, or loss of focus.

## 2. Strategic Focus, “Brains In, Fingers Out”

Boards should avoid micromanaging operations. Their job is to set strategy, define long-term priorities, and monitor execution—not to run day-to-day operations. This frees leadership to respond flexibly to unexpected challenges, while ensuring oversight.

## 3. Oversight of Financial Sustainability, Including Budget Approval and Fundraising Engagement

Given that many nonprofits are ending the year in deficit, facing shrinking revenues, and needing reserves, boards must rigorously review financials, stress-test assumptions, make plans for multiple revenue streams, and ensure that board members themselves are directly involved in fundraising.

## 4. Strong Partnership with Executive Director

The relationship between the board and the Executive Director must be built on trust, mutual respect, and regular evaluation and feedback. Boards that support, challenge, and hold leadership accountable are better positioned in uncertain times.

## 5. Open, Inclusive Dialogue among Board Members

Trust is built when board members listen, communicate, bring diverse networks and perspectives, and engage in healthy dissent when needed. Inclusive boards can better understand stakeholder needs, anticipate risk, and avoid groupthink. Creating avenues for engaging discussion, such as strategic planning board retreats, can be an effective way to cultivate inclusive dialogue.

## 6. Ambassadorship and Brand Reputation

Board members are the organization’s external voices: to donors, the community, and policymakers. In a time of polarized politics and competing narratives, board ambassadors who are credible, visible, and vocal about mission and impact help shore up support and trust.

“In short, effective boards and board members ask the critical fiduciary question, ‘How do we solve the problem?’ the strategic question, ‘How do we improve?’ and the generative question, ‘What is in our future?’ Together with leadership, board members lead and steward critical resources to solve the most complex problems of our time.”

Liz Livingston Howard

# What Nonprofit Board Members and Executive Directors Should Do Now

Boards should consider taking or accelerating the following actions:

## Assess the health of the board

Ask: Do we have the right skills around the table (finance, fundraising, strategy, representative of stakeholder communities)? Are members fulfilling the expectations of time, engagement, and contribution? Adopt a practice for board members to reflect and evaluate themselves.

## Strengthen financial oversight and scenario planning

Use rolling forecasts, reserve policies, stress-testing under various bad-case scenarios (e.g., further cuts, inflation spike, demand surge). Work closely with the board's financial committee and advisors. Revisit investment policies to ensure assets are protected and the investment strategy ensures stability and sustainability.

## Clarify roles and boundaries

Reaffirm norms so the board stays strategic rather than operational, and so leadership and staff have the autonomy to adapt in crises, while also remaining accountable.

## Elevate fundraising and external engagement as a board priority

Make sure board members are not just approving budgets but also helping raise funds, building networks, advocating publicly, and diversifying revenue sources. Ensure the development team and committee are looking at multiple revenue sources and asset types to optimize fundraising campaigns and opportunities.

## Focus on inclusive discussions

Diverse representation (by geography, demography, professional background, and lived experience) strengthens legitimacy, insight, and trust, and often helps with resource access and fundraising.

## Support leadership and staff well-being

Recognize and plan for burnout by ensuring adequate staffing, compensation, and support. Continuously check in with the Executive Director for feedback. Be open to approving and encouraging resources that will lead to efficiencies and alleviate staff workloads.

## Build trust

Uphold legal and ethical integrity, foster open and inclusive dialogue, and enhance the organization's public standing by being transparent, accountable, and visibly mission-driven.

In a moment when many nonprofits are balancing mission with rising needs, the board is one of the big levers that can determine the difference between merely surviving and thriving. Now is the moment for board members to lean in and steer their organizations toward greater impact.

## Click on the links below to learn more

[\*William Blair Philanthropy Strategy\*](#)

[\*Thinking Strategically About Charitable Giving\*](#)

[\*Developing Pathways to Planned Giving and High-Impact Philanthropy\*](#)

[\*Nonprofit Investment Policy Statement\*](#)

[\*William Blair Sustainability Report\*](#)

[\*Kellogg's Center for Nonprofit Management at Northwestern University\*](#)

[\*Nonprofit Board Essentials\*](#)

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