

# STRENGTHENING THE THREE-LEGGED STOOL: THE KEY TO A NONPROFIT'S SUCCESS – AND LONGEVITY

*This article describes how NESC, a nonprofit consulting firm, evaluated a group of rare disease organizations using the three-legged stool approach. We hope the article can help leaders of small and early-stage nonprofits assess and strengthen their organizations.*



# The Three-Legged Stool

A nonprofit organization is a three-legged stool.  
The legs support the mission. The three legs are:

**LEADERSHIP –**  
Board and  
executive  
responsibilities,  
Goals and metrics.

**RESOURCES –**  
Financial  
management,  
Fundraising,  
Professional staff.

**PROGRAMS –**  
Stakeholder  
engagement,  
Program delivery.

**Chan  
Zuckerberg  
Initiative** 

The Chan Zuckerberg Initiative (CZI) has provided capacity-building grants to dozens of rare disease organizations through its Rare As One Project. CZI wants to ensure that the organizations are sustainable and can continue their work over many years.

CZI engaged NESC in 2022 to evaluate 13 of its rare disease grantees. NESC completed its work in 2023.

NESC's assignment was to assess each grantee's "maturity." The more mature organizations were ready for a three-to-five-year strategic plan. A 12-to-18-month "roadmap" was appropriate for the less mature organizations.

## Founder Driven Organizations

The CZI grantees NESC worked with were both remarkable and inspiring organizations. Typically, they were driven by their founders' passion and determination – and sometimes their own money.

Most founders had a family member, usually a child, with a rare disease. The diseases are debilitating and often fatal. There are between 7,000 and 10,000 known rare diseases. A rare disease, according to the Rare Diseases Act of 2002, is a condition that affects less than 200,000 people in the United States.

However, most rare diseases afflict only a few thousand individuals, and the search for a cure is enormously challenging. Founders must build a disease community, raise awareness and money, and engage the scientific and medical community in the search for a treatment.

Many of the founders have successfully overcome these challenges. However, they have been less successful in building sustainable organizations that can continue without them.

A major risk is the founder’s long-term involvement. Founders can burn out or they can move on because of other commitments. Unless an organization can function without the founder, it may not be sustainable.



NESC’s Approach

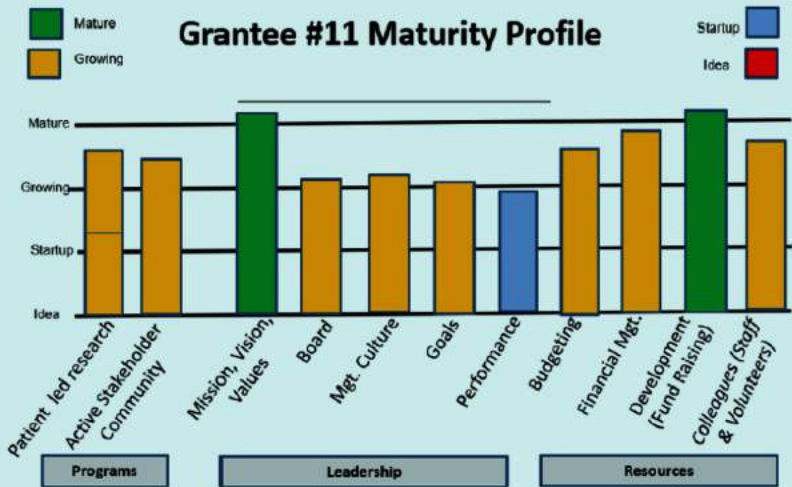
Underneath the three legs, Leadership, Resources, and Programs, are 11 facets. The schematic below shows how the legs and the facets support the mission.



A team of NESC consultants worked with each of the 13 organizations over a six-to-eight-week period. The consultants gathered information by interviewing the organization’s board members, staff, and stakeholders. The consultants also reviewed internal documents and publicly available information about the organization and the disease.

After completing the interviews and the research, the consultants rated each of the 11 facets by its “maturity.” The maturity levels are **Idea**, **Start-Up**, **Growing**, and **Mature**. They then assigned an overall rating to each grantee.

Below is an example of a maturity assessment.



Overall Assessment:  
High Growing



## Two points about the assessments:

- ▶ They do not represent a “score” or a value judgment. They simply provide a snapshot of the organization’s stage of development.
- ▶ The assessments were confidential. For that reason, we do not name the organizations in this article.

## Suggestions

NESC categorized most organizations in the Start-Up stage. In general, the most “mature” of the three legs was Programs.

This is understandable. Founders and boards focus more on finding a cure than building a durable organization. Resources and Leadership at most of the grantees were less developed.

Below are organization-strengthening suggestions in four areas:

### 1. Build the board

### 2. Make a plan

### 3. Create a financial infrastructure; and

### 4. Build the organization

#### BUILD THE BOARD

1. Recruit members with **key skills** such as finance, management, and fundraising as well as experts in the field (medical and scientific experts in the case of a rare disease organization)
2. Change the board’s focus from running the organization to **oversight**.
3. Create a **structure**:
  - Define board member **roles** and responsibilities. Create a board **recruiting** and training program
  - Set up a **performance** system to hold board members accountable.
  - Establish **term limits** and succession plans.
  - Ensure that **committees** have defined responsibilities.

#### MAKE A PLAN

1. Create a **12–18-month** roadmap. A more comprehensive strategic plan can come later.
2. A **roadmap** includes:
  - Prioritized **goals** aligned with the organization’s overall vision.
  - **Accountability** and responsibility assigned to individuals.
  - **Action** plans and timelines.
  - **Resource** requirements (people and money)
  - Performance **metrics** to measure progress.
3. Monthly board and staff meetings to **monitor progress** and take necessary action.



## CREATE A FINANCIAL INFRASTRUCTURE

1. Install **software** (such as QuickBooks) to manage finances
2. Develop departmental **budgets** and get board approval of the overall budget.
3. Establish financial **controls** and a disbursement approval process.
4. Create a board **finance committee** to oversee finances and ensure proper controls.

## BUILD THE ORGANIZATION

1. Plan for an organization where the **founder** plays an oversight role and is not involved in day-to-day management.
2. Create a three-year organization plan that includes:
  - An organization **chart**.
  - **Job descriptions** and responsibilities/accountability for all employees
  - List of **key executives** + board members and possible successors
  - Timing for **succession** and for additional hires
  - **Three-year** budget accounting for a larger organization.

Finally, below is a chart showing the three legs and 11 facets of a mature organization. The “Research” section is unique to rare disease organizations. But the rest applies to all nonprofits. It’s something for early-stage nonprofits to aspire to.

Leadership	Resources	Programs
Mission/Vision/Values	Budget	Research
<ul style="list-style-type: none"> <li>• <i>Mission drives organization</i></li> <li>• <i>Vision defines success</i></li> <li>• <i>Values govern the work</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>“Bottoms-Up” budgets by dept.</i></li> <li>• <i>Detailed Multi-year budget</i></li> <li>• <i>Reporting dashboard</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Patient and medical boards</i></li> <li>• <i>Patient data repositories</i></li> <li>• <i>Fund research</i></li> </ul>
Board	Financial Management	Awareness/Engagement
<ul style="list-style-type: none"> <li>• <i>Right mix of skills</i></li> <li>• <i>Active &amp; accountable committees</i></li> <li>• <i>Term limits and succession plans</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Expense approval process</i></li> <li>• <i>Key financial indicators</i></li> <li>• <i>Board finance committee</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Robust internet presence</i></li> <li>• <i>Engagement measurement</i></li> <li>• <i>Community awareness</i></li> </ul>
Management Culture	Fundraising	
<ul style="list-style-type: none"> <li>• <i>Defined roles &amp; responsibilities</i></li> <li>• <i>Formal Planning Process</i></li> <li>• <i>Action plans in place</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Detailed development plan</i></li> <li>• <i>Appropriate staff &amp; systems</i></li> <li>• <i>Board fundraising role</i></li> </ul>	
Goals	Staff & Volunteers	
<ul style="list-style-type: none"> <li>• <i>Prioritized goals ready to implement</i></li> <li>• <i>Responsibilities &amp; accountability</i></li> <li>• <i>Implementation timeline</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Professional Management</i></li> <li>• <i>HR function &amp; processes</i></li> <li>• <i>Volunteer management system</i></li> </ul>	
Performance		
<ul style="list-style-type: none"> <li>• <i>Performance targets</i></li> <li>• <i>Measurement system</i></li> <li>• <i>Regular board/staff monitoring</i></li> </ul>		

## About NESC

National Executive Service Corps (NESC), founded in 1977, strengthens and empowers the management of nonprofit organizations, schools, and government agencies by providing high-quality, affordable consulting services.

We've completed over 2,000 consulting projects for 1,200 nonprofits of all sizes in the New York, New Jersey and Connecticut tri-state area, helping them deal effectively with their challenges and capitalize on their opportunities. NESC specializes in developing strategic, operational, organizational, and financial plans as well as in helping non-profit boards become more effective.

To learn more about how NESC can help strengthen your organization, please contact Peter Helmer at [pwhelmer@nesc.org](mailto:pwhelmer@nesc.org).