



Innovation Index

FOR THE AUSTRALIAN NOT FOR PROFIT SECTOR
2017



Proudly supported by



The Innovation Index

For the Australian Not-For-Profit Sector 2017

ABOUT GIVEEASY

GiveEasy connects charities, causes and not-for-profits to their supporters and communities through simple, smart and social digital giving solutions.

GiveEasy's five core digital giving solutions – Your SMS, Your App, Your Campaign, Your Page and Your eDM – sit on GiveEasy's cloud based digital fundraising platform which takes care of all the banking, processing, reconciling, legal, security, data and technology issues of its not-for-profit clients. These digital giving solutions enable not-for-profit organisations to connect with and activate their donor base broadly and repeatedly, and allow supporters to donate quickly and easily via desktop and mobile devices - an all in one simple fundraising platform.

Our mission is to provide world-leading fundraising and social innovation solutions to enable not-for-profits to move into a digital and mobile future.

ABOUT THIS PUBLICATION

The Innovation Index Methodology is the intellectual property of The Strategy Group Pty Ltd and is not to be used for any other purpose without express permission.



THE STRATEGY GROUP



AMR hosted the 2017 Innovation Index study and performed in depth quantitative analysis including the identification of trends emerging from the 2015, 2016 and 2017 data sets.





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Introduction



Jeremy Tobias
CEO, GiveEasy

“In the next 5 years, moving from merely understanding innovation to having a defined and effective innovation strategy will separate the winners from the losers in the sector.”

Innovation has become a major focal point for Australian businesses and the Not-For-Profit (NFP) sector, particularly in the past 18 months. The announcement of the National Innovation and Science Agenda kick-started Australia’s “Innovation Nation” journey. This year, our NFP sector can be proud that they have embarked on the innovation journey and made significant progress.

The 2017 GiveEasy NFP Innovation Index highlights some promising trends for the sector’s capacity for innovation. The overall Innovation Index score is up 9% on last year. Pleasingly, the lowest scoring vector for the past two years, stakeholder centricity, has shown a significant improvement. As NFPs exist to serve their beneficiaries, this improved stakeholder focus is great news. NFPs have changed the way they engage with stakeholders to meet them on their own terms and empower them to drive action and connection.

Organisations with innovation embedded in the heart of their culture continue to outperform their peers on all measures, most critically in their capacity to attract funding. However, the overall sector score is still only 63.3 so there is more to be done. Our results show that NFPs with an explicit innovation strategy improve innovation performance year-on-year.

Each year, we ensure that our framework includes vectors for all elements essential for driving innovation. This year technology was added as a new vector since the digital economy disrupts but also opens up opportunities for the sector. We are seeing a significant increase in the use of digital fundraising tools by the sector, and we’re confident this trend will gather pace.



Supporters



Gregory Sutherland
Chief Innovation Officer



Australia Post is a business born with a genuine social purpose. We enable commerce and community that helps deliver better futures for everyone, everywhere, everyday. We've had a front-row view of the disruption from technology change and the ideas of innovation and entrepreneurship, are playing their crucial role in our transformation into a leading eCommerce company.

We believe that innovation is vital to our ability to deliver new value for customers and communities and enable a sustainable enterprise for our people and shareholders. In the same way innovation enables community organisations and not-for-profits to provide improved services for people, and communities, throughout Australia.

Give Easy's 2017 Innovation Index demonstrates that Australian Not-For-Profit organisations who are actively pursuing innovation not only rank higher in terms of innovation capability, but are more likely to have increasing budgets. The findings in this year's report point to the importance of developing a strategic and long term approach to innovation to ensure sustainability. Importantly it also calls out that creating a culture of innovation, where teams are diverse and empowered is a key trait of innovative not-for-profits.

We are proud to support the release of Give Easy's 2017 Innovation Index for the Australian Not-for-profit sector. In this world of great change, it is the innovators and disrupters who are leading the transformation of organisations and embedding a culture of innovation and creativity to drive them into the future.



Chris Brell
Head of Industry Innovation



Westpac is proud to support GiveEasy's 2017 Innovation Index for the Australian Not-for-profit sector. Throughout our 200 year history, we have been proud to support the enterprises and community organisations that are part of the social fabric of Australia.

As Australia's first company, we've been a constant thread in our communities, through the ups and downs of economic cycles and as a partner in our country's development. We aim to play a positive role in the communities in which we operate by creating social impact – where we can best make a difference.

Our long tradition of proudly supporting Australia is deeply embedded at Westpac. Through our Matching Gifts program we match dollar for dollar every donation our employees make to Australian tax deductible charities. Our foundations offer numerous grants for social enterprises and small community organisations making a big difference. The Davidson Institute offers a range of money management topics to help build individuals, businesses and community organisations' financial confidence. Through the Westpac Bicentennial Foundation Social Change Fellowship, we're supporting innovators with a passion to create positive social change in Australia.

Our story is one of innovation, growth, resilience and adaptation. In our third century, we're continuing to innovate and adapt to help our customers prosper and grow. We aim to harness innovation to find new and meaningful ways to address the needs of our customers. We are proud to help the Social Sector on their innovation journey and to continue to build even brighter futures for our diverse Australian communities.

Supporters



Frank J Kennedy
Executive Director,
AGSM Executive Education
AGSM @ UNSW Business School



AGSM @ UNSW Business School prepares leaders for the future, and through leading management education we build capacity in organisations to foster behavior that is collaborative, connected, and creative. Progressive organisations understand that innovation often comes from within – inspiring leaders create and cultivate a culture that engages imagination and creativity, nurtures and supports ideas, and rewards contribution. The most inspirational leadership is executed in the context of a greater purpose – even in a commercial or business context great leaders understand their ethical and social responsibilities.

AGSM is committed to progressing this culture of innovation in Australian organisations and in partnering with GiveEasy, Westpac and Australia Post to deliver the 2017 Not for Profit Innovation Index, we hope to highlight opportunities for the third sector to unleash previously untapped capabilities that will create systems of innovation and a competitive edge to drive social and economic value.

The results of the 2017 NFP Innovation Index are very encouraging and clearly indicate an appetite to embrace and embed innovation into their organisations. However no organisation will be successful if innovation remains an aspiration or only sits only at the top – it must be harnessed and mobilised up, down and across the organisation to allow people to increase engagement and apply innovation to real world challenges.



Executive Summary

INNOVATION PERFORMANCE IS ON THE RISE

Over the past three years, the GiveEasy Innovation Index has reported on innovation in the NFP sector and worked with the industry to define what it means to be innovative. In such a short amount of time, the sector's understanding of innovation has matured and its innovation capabilities have improved rapidly. This is demonstrated by the 9% increase in the overall Innovation Index score from 2016 to 2017 and the increase in scores across all the individual vectors.

STRATEGY SUSTAINS INNOVATION

This year our study sought to understand how NFPs can "up the ante" to become innovative organisations. We found that NFPs with an innovation strategy have higher levels of innovation performance. Year-on-year these NFPs are more likely to see innovation flourish and outperform their peers on a range of measures including revenue growth and improved innovation capabilities. Looking to the future, innovation strategy will be what separates the leading edge from the rest, providing a sustainable advantage in the sector.

EMBEDDING INNOVATION IN NFPs

The NFP sector is embracing innovation as a way to solve the most important social and environmental challenges that face our nation.

It is time now for NFPs to move from trialing innovation initiatives to embedding innovation capabilities and practices into their organisational DNA.

Embedding innovation means incorporating each of the eight capabilities we measure through the Innovation Index into both innovation strategy and day-to-day practices.

Sincere thanks to every single person who participated in this study – you have contributed to the unveiling of significant insights about a vital sector for Australia. A special acknowledgement to our partners, Westpac, Australia Post and the Australian Graduate School of Management, whose generous support has made the 2017 Innovation index Report possible.





Elements of Complete Plan

- Executive Summary
- Company Summary
- Products and Services
- Market Analysis
- Management
- Financial Plan
- Appendix
- Taxes
- Risk Analysis



2017
Innovation
Index
Our Methodology

Our Methodology

HOW THE INDEX IS CALCULATED

The Innovation index provides the NFP sector with a year-on-year assessment, so we can track and measure the innovation journey of this vital sector. Our analysis celebrates its achievements and highlights areas for improvement.

Each respondent was asked to indicate their level of agreement with 32 statements regarding their organisation's innovation capability based on a 0 – 10 scale of agreement. These questions have been carefully designed to measure the innovation capability of the sector against the key vectors.

WHAT DOES THE INNOVATION INDEX MEASURE?

The methodology focuses on forward-looking capabilities rather than measuring past achievements. Organisations are measured according to their capacity to develop and deliver innovation according to eight key vectors:

Technology, Internal Collaboration, External Collaboration, Innovation Focus, Openness of Culture/Vision, Organisational Velocity, Rewards/ Recognition & Stakeholder Centricity,

We also collect information about the organisation and the participant, which allows us to analyse all innovation metrics by age, tenure, organisation size, job role, sector(s), communication methods, location(s) of operations and various "personality" traits.





Innovation Index Vectors

THE INNOVATION INDEX MEASURES EIGHT KEY VECTORS TO ASSESS THE LEVEL OF INNOVATION IN NFP ORGANISATIONS



INTERNAL COLLABORATION

the ability for individuals and groups to connect and work together within an organisation.



TECHNOLOGY

the use of technology to foster collaboration, engage with digital communities and take ideas to market through new channels.



ORGANISATIONAL VELOCITY

achieving exceptional levels of performance, multi-faceted improvement, speed of response and adaptability to change.



EXTERNAL COLLABORATION

building and maintaining diverse networks and partnerships with outside suppliers, service providers, organisations and thought leaders.



CULTURE

creating an organisational environment where separate ideas and perspectives can collide regularly, in a space of openness and sharing, with mutual respect and generosity.



INNOVATION FOCUS

innovation needs a strategy in its own right, including a vision, goals and metrics for implementation and evaluation. This should be underpinned by an innovation culture that empowers people to think, share, respond and act on ideas.



REWARDS & RECOGNITION

encouraging innovative behaviour through an active program of acknowledgement, including peer recognition, promotion or financial reward.



STAKEHOLDER CENTRICITY

deep engagement and empathy with donors and beneficiaries.

A man in a blue shirt is seen from the back, looking towards a bright office space. In the background, several people are seated at a long table, engaged in a meeting. The room is filled with natural light from large windows, creating a professional and collaborative atmosphere.

2017 NFP Innovation

Insights

Innovation performance is significantly up in 2017

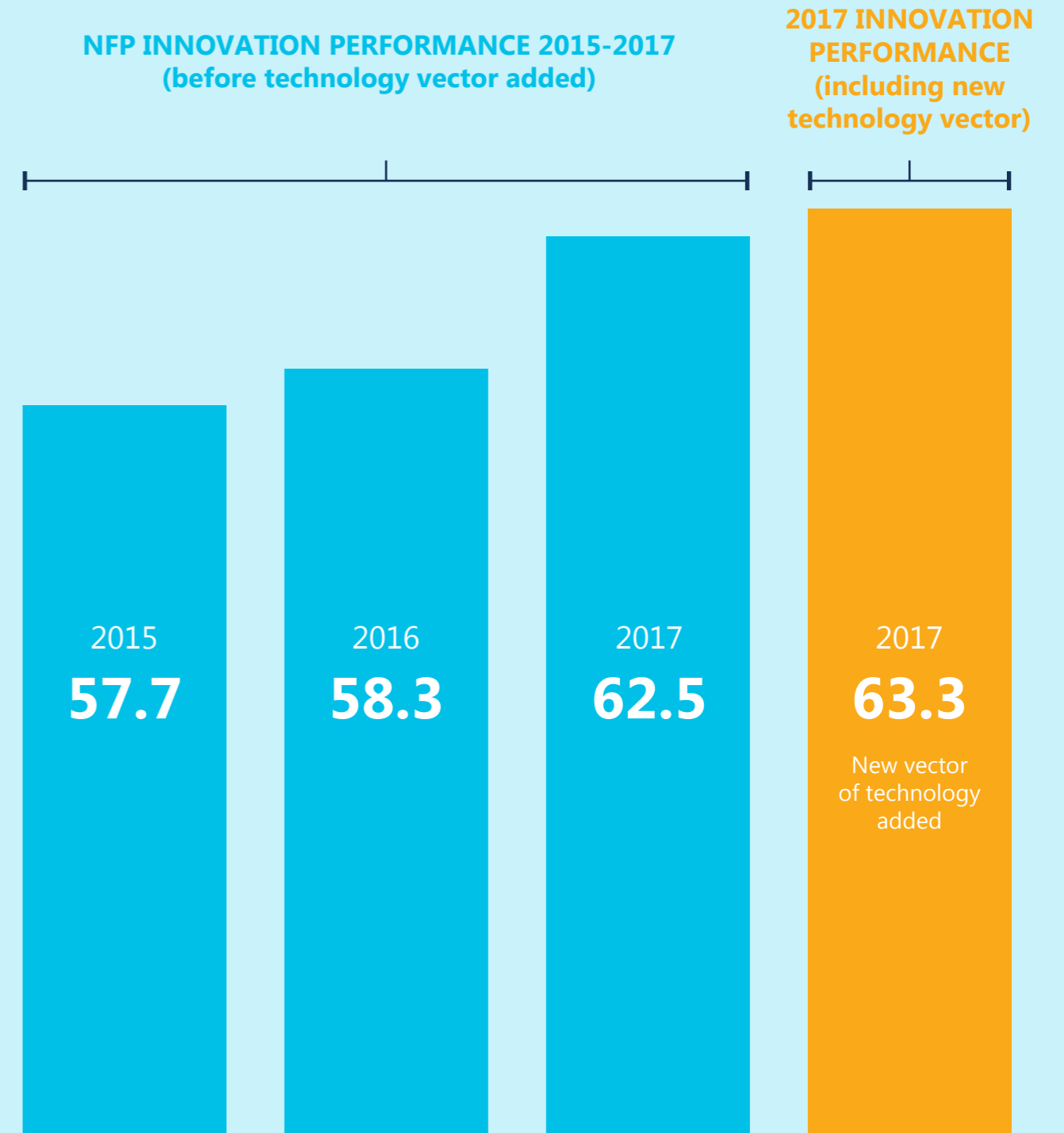
INNOVATION IS TRENDING UPWARD YEAR-ON-YEAR

In the past decade, the NFP sector has been beset by disruptive forces such as the declining use of landlines and postal services. New funding models, digital technologies and changes in donor demographics have impacted NFPs' share of donor wallet. But in the past year, many NFPs have responded to disruption by developing and defining their innovation vision and strategies. As a result, more imaginative, collaborative and nimble ways of working have been developed that take advantage of digital technology to redesign the donor experience and drive growth through innovation.

There have been significant shifts in innovation performance in 2017:

- 9% increase in score from 58.3 in 2016 to 63.3* in 2017 (5 points up)
- Improved scores across all vectors
- Increase in number of NFPs in High and Moderate Innovator categories

The results of this year's survey show that the sector's understanding of innovation has matured and the ability to work in innovative ways has developed in both scope and intensity.



*Comparison based on 2017 index score excluding new technology vector. Data reported elsewhere in the report are derived from the new index which includes the technology vector

Digital trends in NFP sector



The majority of NFPs see technology as a key driver of Innovation

THE TECHNOLOGY VECTOR

We are constantly reviewing the Innovation Index methodology with our research partners, AMR, to ensure the highest quality of data.

Our most important change to the methodology this year was the addition of an eighth vector – Technology.

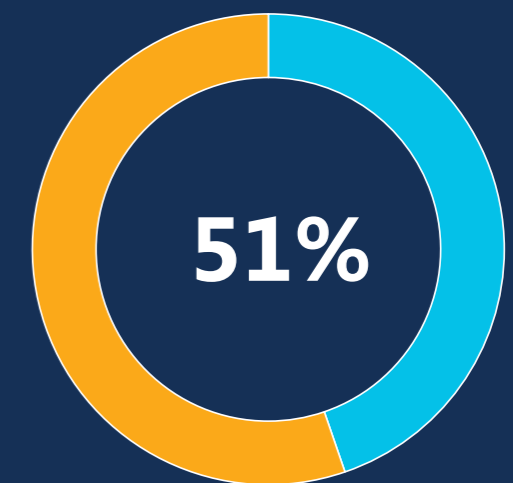
Technology is fundamentally changing the way we live, work and donate. It is only fitting that this year we included technology as the eighth vector in order to assess how NFPs are engaging in the digital economy.

As the NFP sector transitions with increasing speed from analogue to digital, technology plays an increasingly important role in innovation performance.

NFPS IN THE DIGITAL ECONOMY

51% of NFPs see the pace of digital transformation as the main measure of technological innovation in their organisation.

NFPs are transforming into digital businesses. Analogue opportunities for donor engagement are slow and time consuming. The digital economy speeds up all aspects of NFP business by getting new products to market faster, providing access to a wider donor community and enabling new opportunities for collaboration.



Case Study

Innovation Excellence

USING TECHNOLOGY TO UNCOVER IMPACTFUL INSIGHTS AT CURE BRAIN CANCER FOUNDATION

NFP organisations know that they need to adapt to survive and thrive in the digital economy. While many are using technology to promote their cause, innovative NFPs are using it to gather information, to analyse trends and to collaborate.

This year's most innovative NFP, Cure Brain Cancer Foundation, sees technology as instrumental in taking the guess-work out of what they do. Head of Communications, Luke Alexander says, "Before we start any program or campaign, we ask the question "why?". Why do we exist? Why are we putting forward this program? Why is this the right approach? Why don't we do it a different way?"

Cure Brain Cancer Foundation is using digital technologies to gather evidence-based insights. For example using social media and search monitoring tools to learn what the brain cancer community is talking about and searching for. This data lets them design programs, strategies and content based on the needs and behaviour of the brain cancer community.

These technologies are significantly faster and more efficient than relying solely on phone calls or face-to-face conversations with community members. "Because our mission is so time-critical we can't afford to waste time on guesswork - we must base what we do on insight. Why would you drive blind when you

can use technology to get you to where you need to be using the quickest possible route?" says Luke.

Technology is instrumental in the development of Cure Brain Cancer Foundation's strategy. They use data analytics to identify and make sense of the important trends in the field of brain cancer, research and the NFP sector. These trends guide strategic efforts. "The disruptors are becoming disrupted themselves, so if you're not using insights to future-proof your organisation, you run the risk of being left behind" says Luke.

The Foundation aims to not just to improve the status quo, but fundamentally change it. Luke says, "Rather than solely funding individual brain cancer research projects, how can we actually change the way research is done in the first place? How can we re-engineer the entire brain cancer research system?"

The Foundation's organisational culture gives permission for current approaches and ideas to be challenged in a safe and constructive environment. The digital economy has opened up the doors for the NFP sector to have greater influence on the outcomes of research, advocacy and community engagement. An approach that aims to challenge and influence will drive more innovative and impactful results.



"When we put an idea on the table, we say: 'let's challenge the idea and leave egos at the door'"

Luke Alexander, Head of Communications
Cure Brain Cancer Foundation

Innovation is increasing across every capability

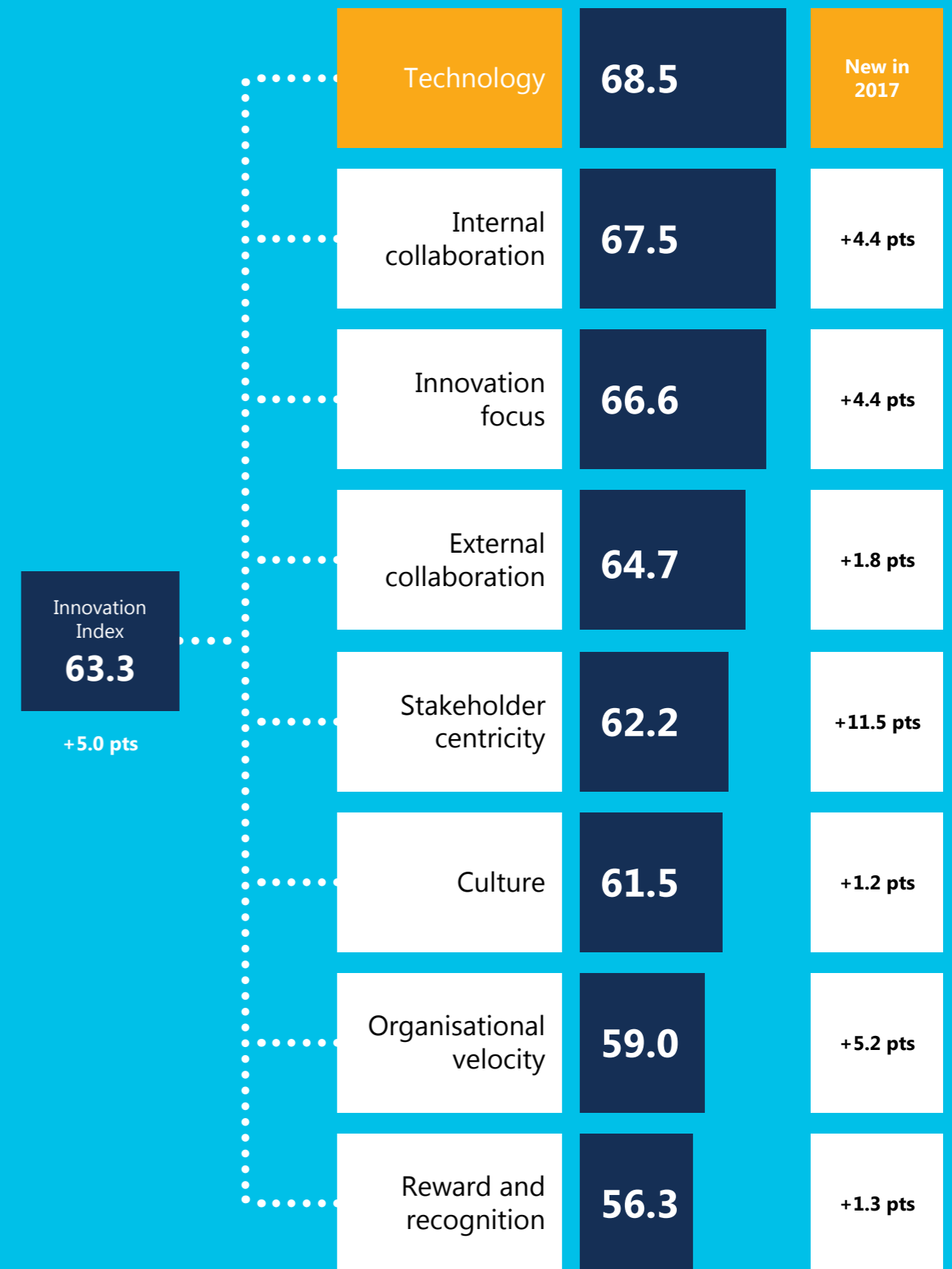
YEAR-ON-YEAR IMPROVEMENT

There has been overall progress in the innovation journey of NFP organisations as well as an improvement in each vector score.

Globally, companies that survive and flourish are those which engage their customers in vibrant and ongoing relationships. The NFP sector has begun to notice this global trend and implemented stakeholder-centric strategies to create services, products and donation experiences that their donors relate to and enjoy.

However, there is room for improvement across all vectors and some vectors require considerably more focus and attention. These include reward and recognition and organisational velocity for which the average vector scores remain less than 60 points.

The year-on-year improvement in the vector scores is promising for the sector. These scores show concerted efforts on the part of leaders to improve and develop innovation in their organisations.



STAKEHOLDER CENTRICITY SCORES 2015-2017



Standout Improvement 2017

STANDOUT IMPROVEMENT 2017

The Stakeholder Centricity vector jumped an astonishing 11.5 points from 2016 to 2017. In previous years, this was the lowest performing vector, measuring 50.1 in 2015 and 50.7 in 2016.

Globally, there has been a power shift in the interaction of customers with institutions. More and more, customers have high expectations of service experiences and compare the ease and satisfaction of their encounters

against the best in all industries. To keep pace with consumer expectations, organisations are becoming more customer-centric.

The data shows that NFPs, like many leading companies globally, are focusing their efforts on developing a deep understanding of partner, donor and beneficiary needs.

NFPs are providing more products and services that are meeting the needs of their stakeholders, with greater success.

Case Study

Innovation Excellence

STAKEHOLDER CENTRICITY AT BREAST CANCER NETWORK AUSTRALIA

Not-for-profit organisations are increasingly recognising the importance of stakeholder-centricity. As individuals' access to personalised services becomes a societal norm, approaches tailored to the needs of stakeholders are far better received than traditional one-size-fits-all approaches. Stakeholder-centricity is about understanding the needs of service users, donors and other stakeholders and meeting those needs in new and innovative ways.

Breast Cancer Network Australia (BCNA) has made stakeholder-centricity a central tenet of their organisation. "A really big theme for me, that underpins everything I'm trying to do, is the concept of being person-centred" says CEO Christine Nolan. The name of the organisation, itself, is stakeholder-centric.

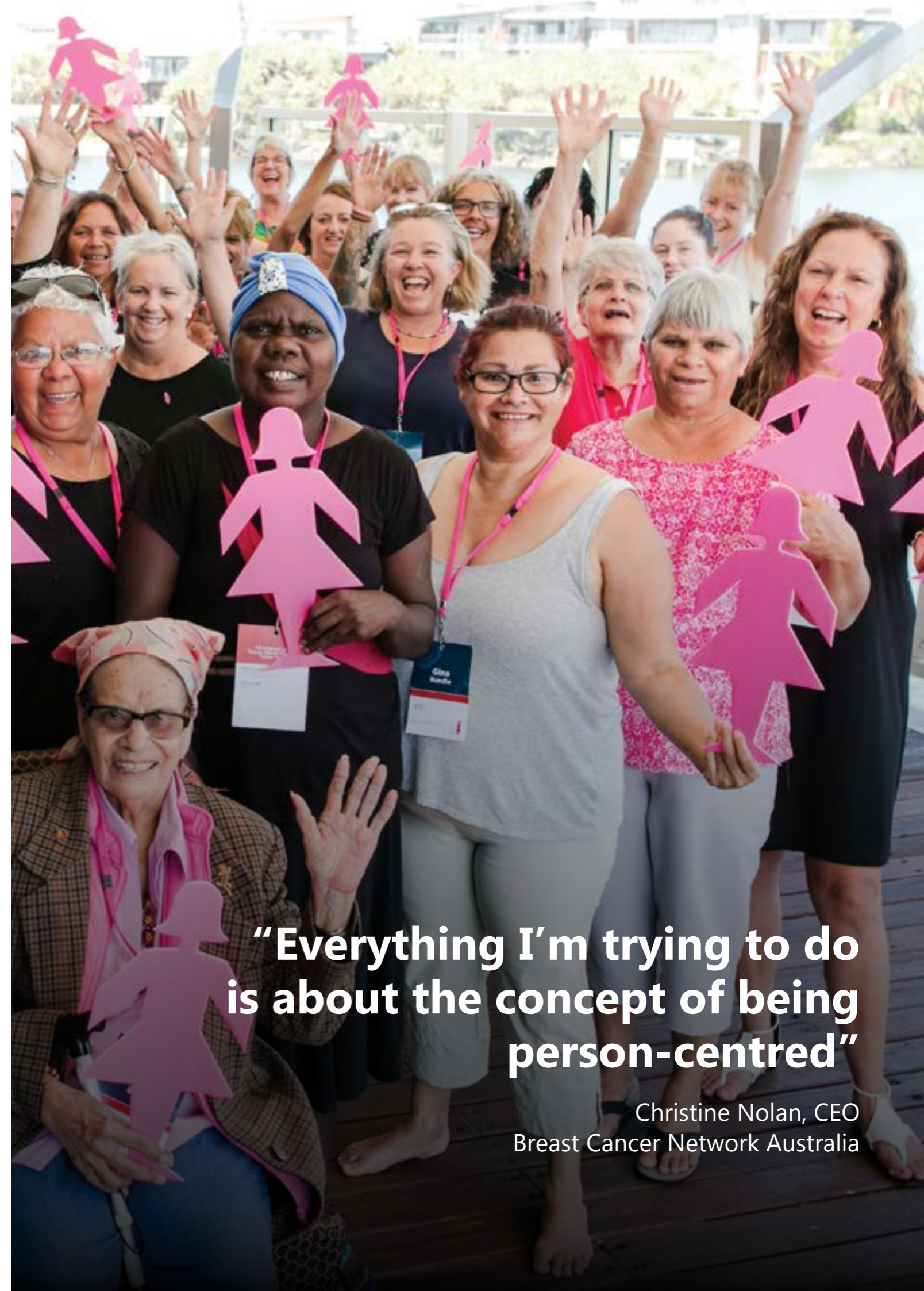
BCNA staff are employed to support, connect, inform, and represent the interests of the network of almost 130,000 members who have been affected by breast cancer. Christine says "We exist to support the Network. Our real value as an organisation lies in capitalising on the experience, diversity and strength of our members to assist the 17,700 Australians who will hear the words this year "You have breast cancer".

In 2016, BCNA ran the innovative fundraising campaign "I Am Not Breast Cancer, I Am Me". The campaign met the stakeholders' need to

assert that their illness did not define them. The campaign could have been run using a traditional approach - by directly asking the donor network for funding, as Christine calls it, "the boring way". Instead, BCNA took a stakeholder-centric approach.

Rather than speaking in generalities on behalf of all who have been diagnosed with breast cancer, BCNA empowered their network of women who had experienced breast cancer to post and share their unique, personal journey. "This campaign was about being person-centred and reaffirming breast cancer survivors' sense of personhood" – says Christine. BCNA gave a voice to each stakeholder. By tapping into the need of stakeholders' families and friends to support their loved ones and celebrate them as individuals BCNA enabled diverse, relevant, impactful messaging which led to increased exposure, a stronger sense of community and a fundraising campaign that was much more significant both emotionally and financially.

Today, the tools and technology are available to put stakeholders at the centre of initiatives. Through genuine collaboration that addresses their underlying needs, stakeholders can be empowered not only to donate with a real sense of purpose and satisfaction, but to participate in advocacy and in creating a giving community from their own networks.



“Everything I’m trying to do is about the concept of being person-centred”

Christine Nolan, CEO
Breast Cancer Network Australia

Improvement is still needed in many areas of innovation capability

ROOM FOR IMPROVEMENT

Rewards and Recognition is the lowest scoring vector in 2017 with many employees reporting it is not “worth their while” to be innovative at work.

Outside the NFP sector, the most innovative companies are moving away from only rewarding those who achieve financial targets, instead recognising and rewarding innovative ways of working.

These organisations recognise the necessity of innovation and reward those who generate new ideas or experiment with new processes. Importantly, these rewards are given even if the ideas fail.

Culture and Organisational Velocity are also key areas to improve with the biggest barrier being the failure to encourage lateral thinking and risk taking.

The year-on-year improvements from 2016 to 2017 in Culture, Reward and Recognition and External Collaboration were the smallest improvements among the eight vectors, and these potentially are areas where greater focus might yield significant innovations.

REWARDS AND RECOGNITION



Employees are incentivised to share knowledge

Some employees are financially rewarded for innovation

Most employees don't feel innovators get promoted faster

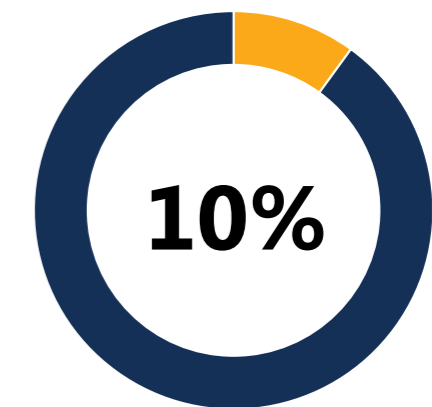
Most employees don't feel it's worth their while to be innovative

CULTURE



Only 2% of employees feel comfortable to question the status quo

ORGANISATIONAL VELOCITY



Only 10% of employees feel that taking informed risks is encouraged



Innovator Segments and Performance

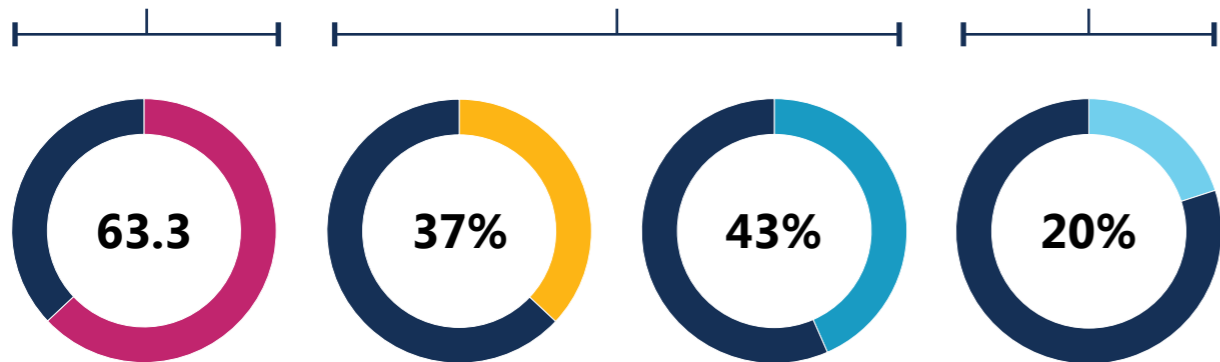
We categorised organisations as high, moderate and low innovators

INNOVATOR SEGMENTS

The average Innovation Index score across segments is 63.3

There has been overall progress from last year with growth in the percentage of organisations in the High and Moderate Innovator segments

The percentage of Low Innovators has trended negatively since 2015



Average
Average Score, 63.3

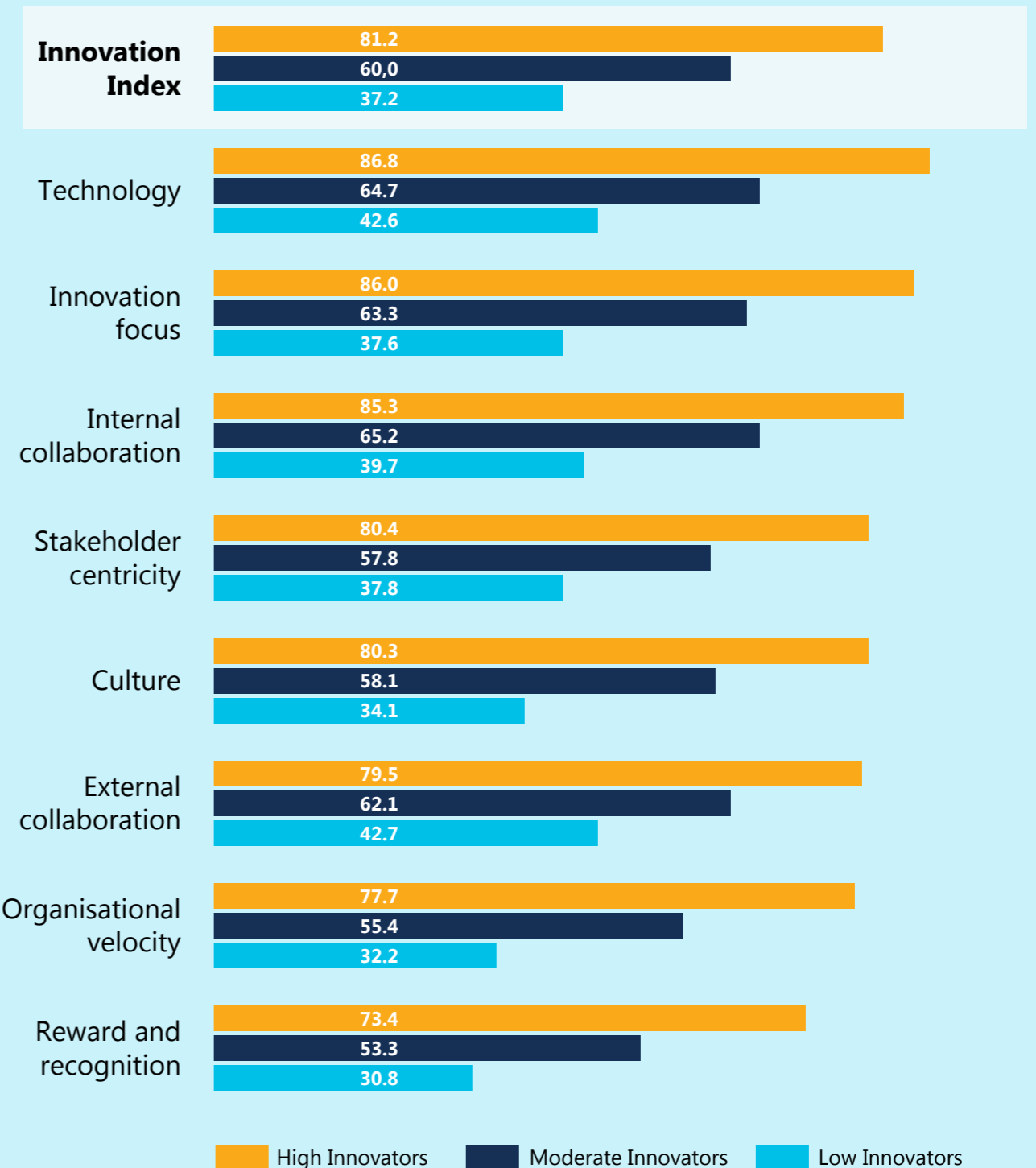
High Innovators
>70 or above on the Innovation Index

Moderate Innovators
50 - <70 on the Innovation Index

Low Innovators
<40 on the Innovation Index

There is consistent performance across each category

PERFORMANCE BY INNOVATOR SEGMENT



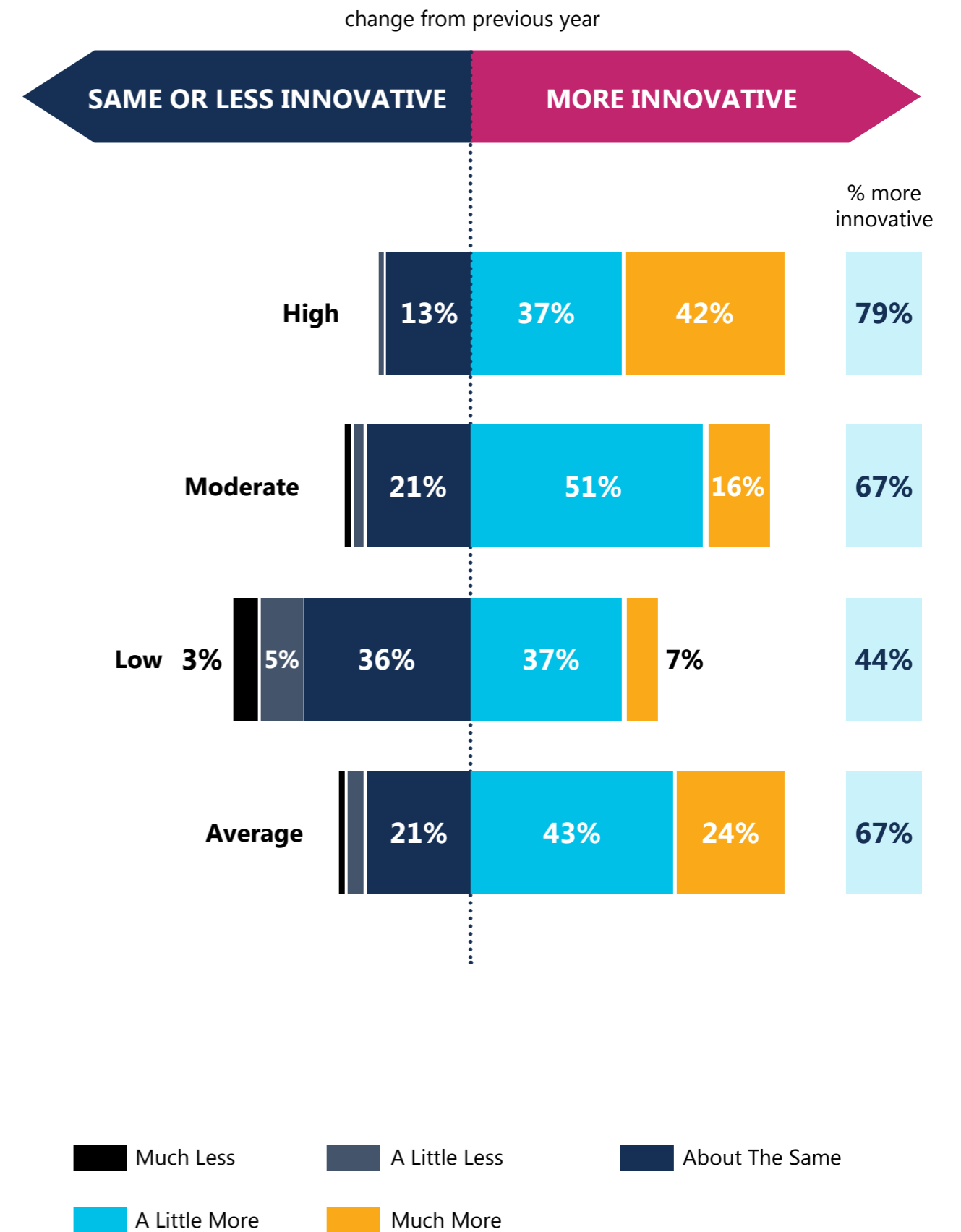
Highly innovative organisations are much more likely to report improvement

PERCEIVED CHANGE IN INNOVATION SINCE 2016

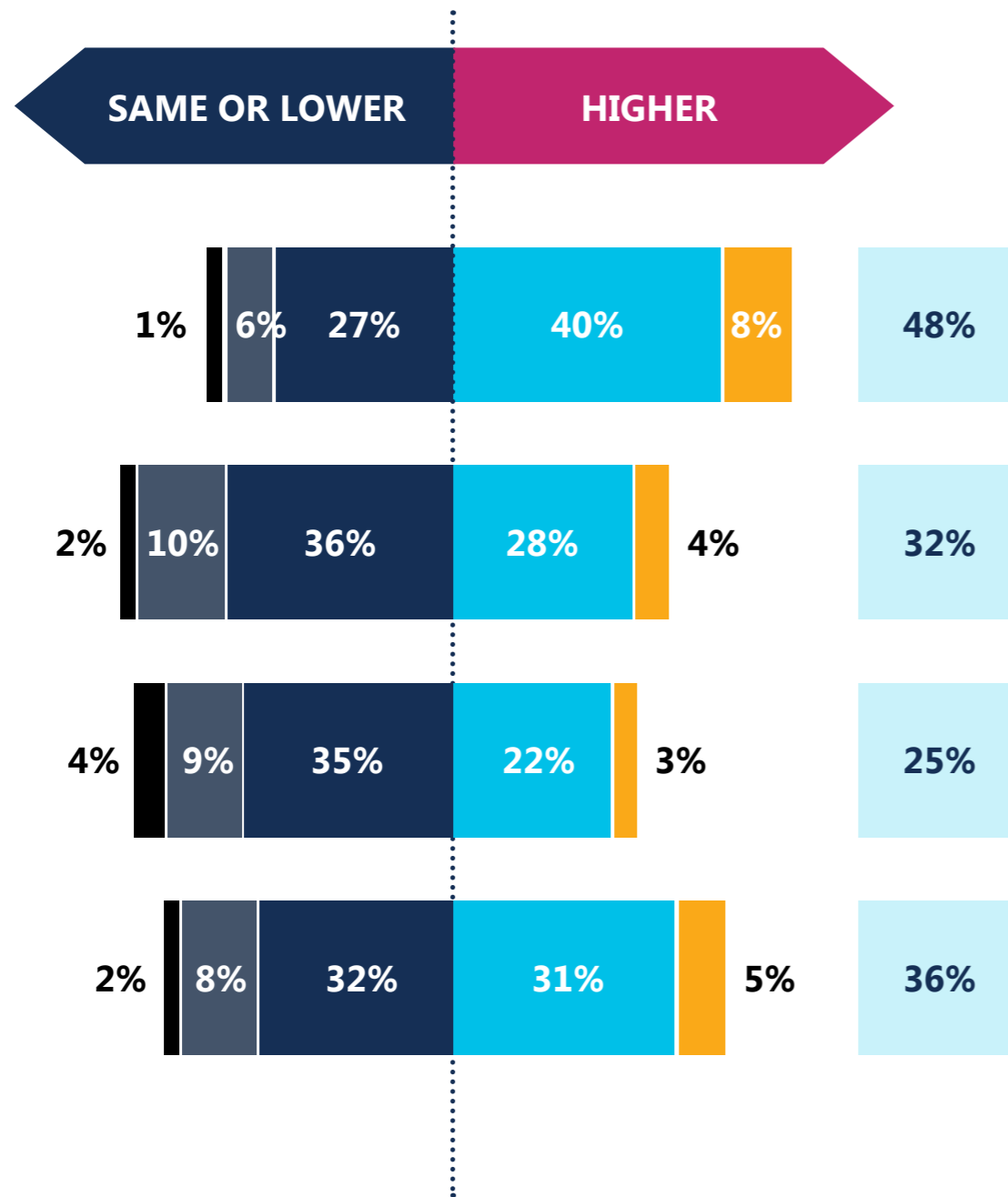
The results show that High Innovators were much more likely to continue to see improvement in innovation from the previous year (78%) compared to Moderate (67%) and Low (44%) Innovators.

According to the Department of Innovation, Industry and Science, organisations that are consistently innovating outgrow other businesses in terms of value added to customers, employment and profit growth.¹

The low level of observed improvement in innovation among Low Innovators is cause for concern.



Source: 2016 Australian Innovation System Report, Department of Innovation, Industry and Science



Much Lower
 Somewhat Lower
 About The Same
 Somewhat Higher
 Much Higher

Almost half (48%) of all high innovators reported income growth from the previous year

CHANGE IN ANNUAL INCOME BY INNOVATION LEVEL

According to the 2016 Australian Innovation System Report, innovative businesses are 40 per cent more likely to increase income and profitability compared to other businesses.¹ The positive impact of innovation on performance gets stronger the more regularly businesses innovate.¹

For the NFP sector, a clear correlation exists between a NFP's innovation performance and its annual income growth.

This data suggests that innovation is a significant stimulus for revenue growth. Almost half (48%) of all High Innovators reported income growth from the previous year.

Comparatively, only a third (32%) of Moderate Innovators and a quarter (24%) of Low Innovators achieved revenue growth.

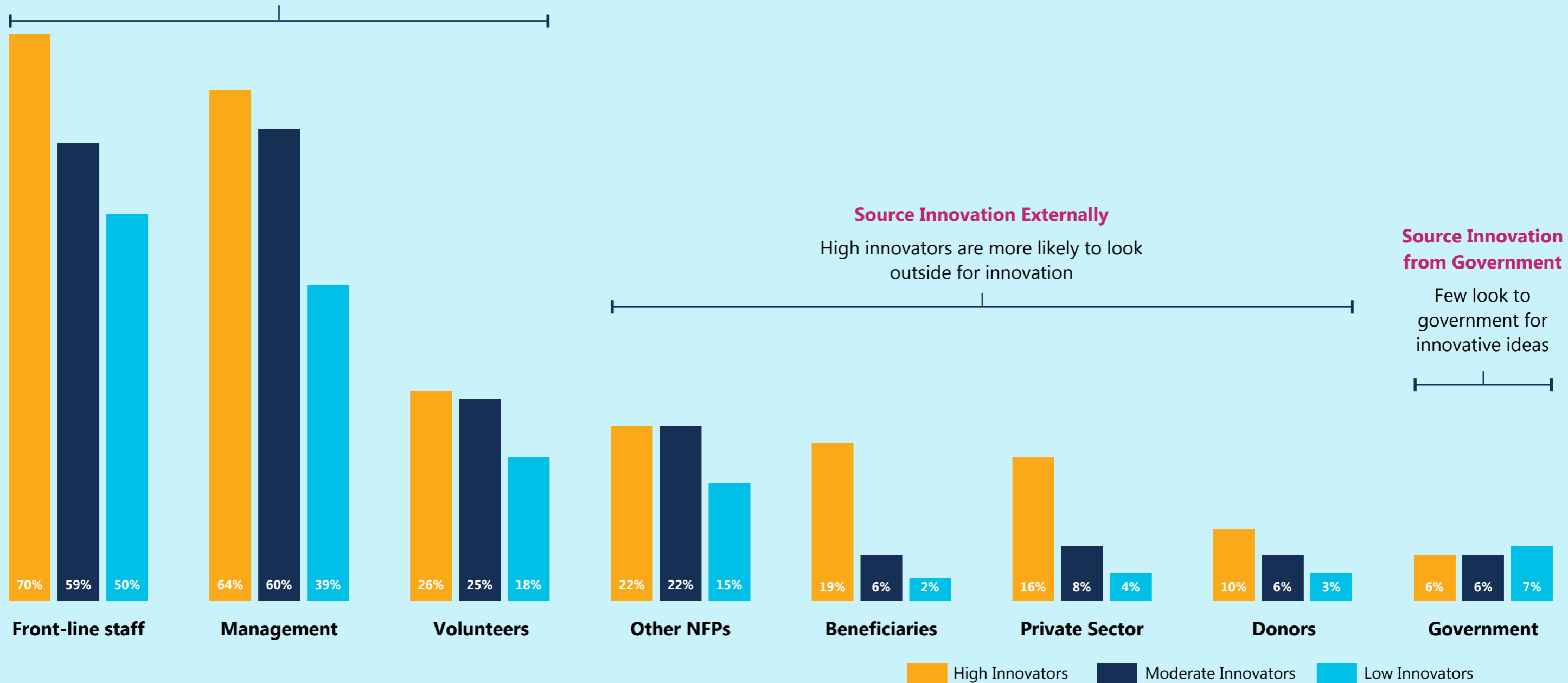
Source: 2016 Australian Innovation System Report, Department of Innovation, Industry and Science

The most innovative NFPs look outside their own walls for new ideas

SOURCES OF INNOVATION BY INNOVATOR SEGMENT

Source Innovation Internally

Most NFPs look inward to their staff and volunteers for innovative ideas

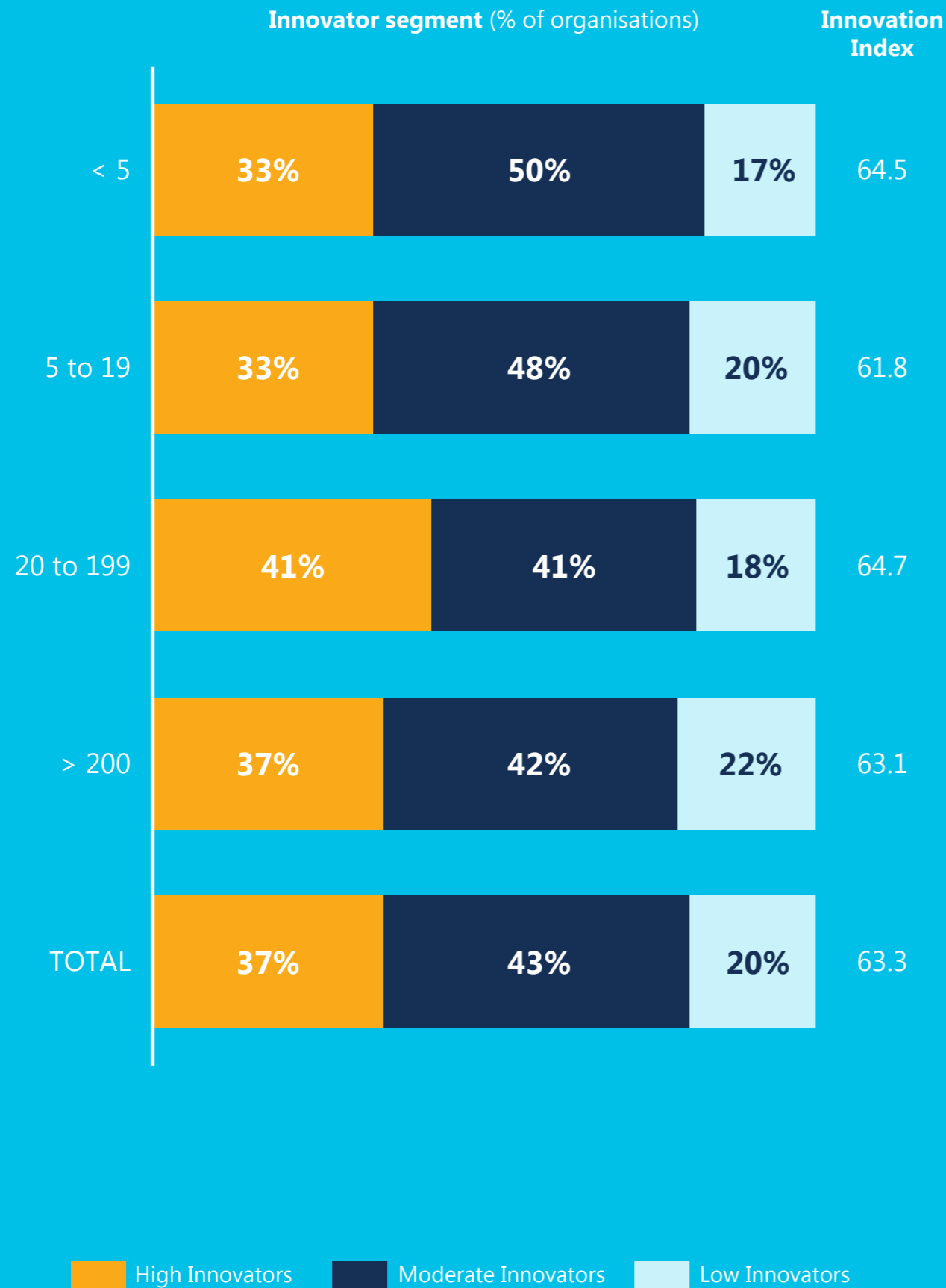


Source Innovation Externally

High innovators are more likely to look outside for innovation

Source Innovation from Government

Few look to government for innovative ideas



Size doesn't matter when it comes to innovation

INNOVATION BY ORGANISATION SIZE (EMPLOYEES)

Innovation performance varies little with organisation size, underlining the importance of factors such as culture and innovation focus rather than team size or funding in driving new ideas and strategies.

NFP organisations with 20 to 199 employees have the largest relative representation among High Innovators, although their average index score is not much higher than smaller and

larger organisations. Perhaps, mid-sized NFPs are more agile than their larger, more hierarchical peers and better resourced than their smaller peers.

Compared to last year, both larger and smaller NFPs have improved their innovation index scores, resulting in a more level playing field across the industry. Nonetheless, mid sized NFPs continue to hold the innovation sweet spot.



Innovation Strategy

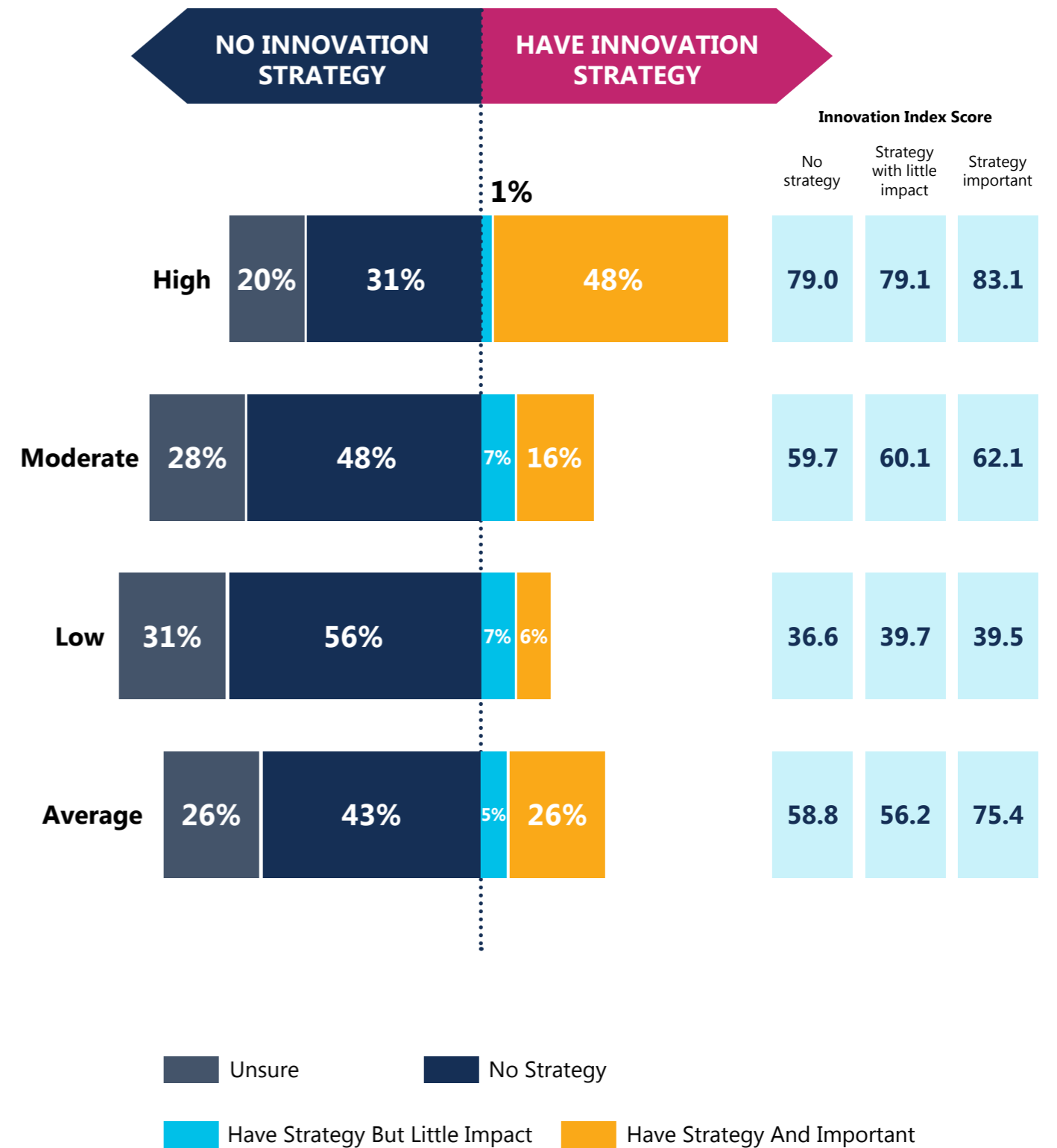
Having an effective innovation strategy drives innovation performance

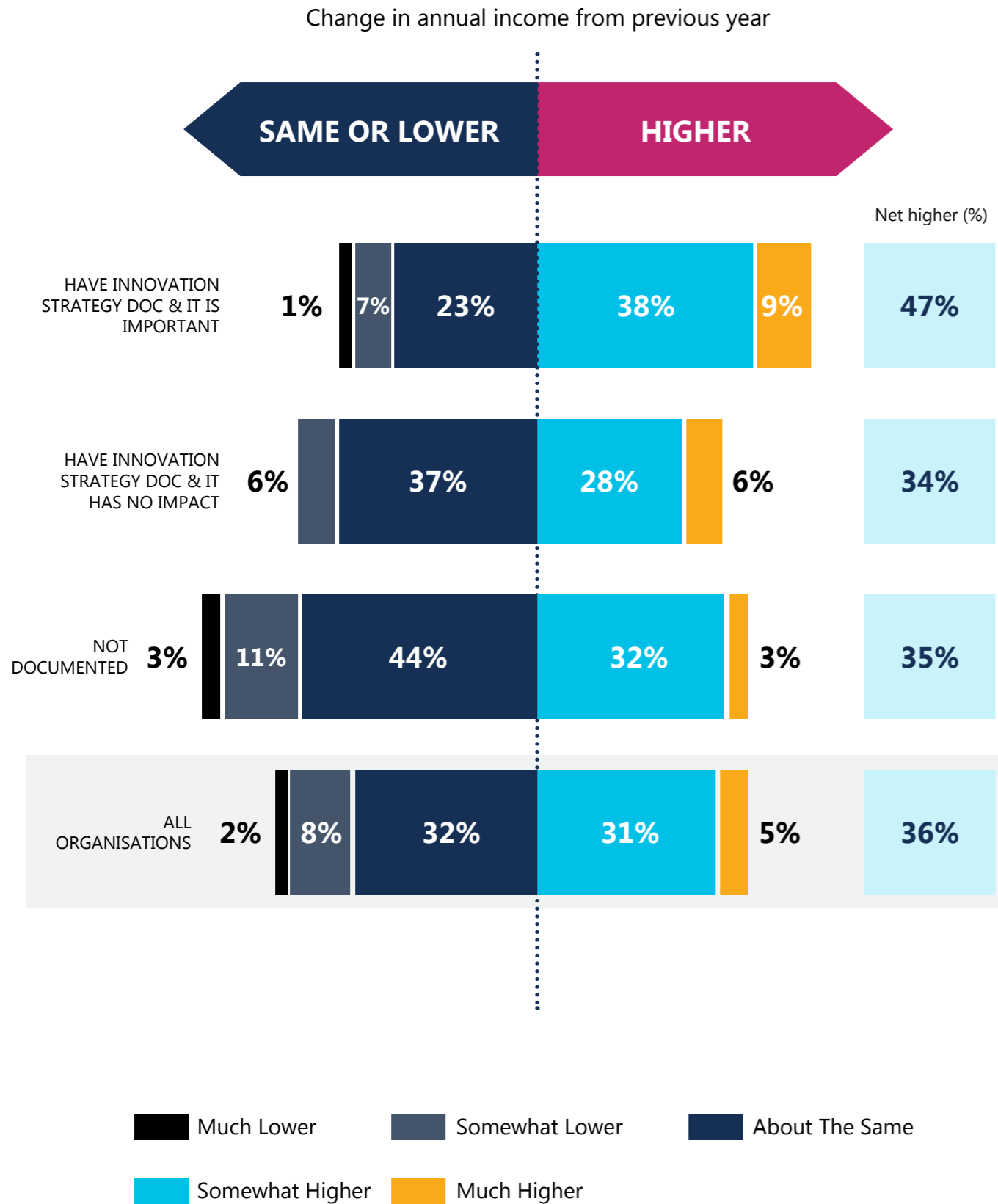
INNOVATION STRATEGY

A clear innovation strategy defines which innovation challenges and opportunities to focus on and the initiatives that will drive growth within the organisation.

NFPs without a strategy have a lower overall Innovation Index score compared to their peers who have a strategy in the High, Moderate and Low innovators categories.

An innovation strategy provides a reference point as projects and ideas are being evaluated. Without an innovation strategy, organisations can be pulled in diverse directions, dispersing the innovation focus and inhibiting the organisation's ability to execute on ideas quickly.





Having an effective innovation strategy drives income growth

CHANGE IN ANNUAL INCOME BY INNOVATION STRATEGY

As NFPs' understanding of innovation matures, many recognise that it's not enough to have one-off innovative campaigns or product developments at peak giving periods.

Yet one of the biggest challenges NFPs have to navigate is how to sustain innovation in their organisation to ensure profitable growth.

By developing an innovation strategy NFPs provide a strategic direction and define measures of innovation success.

This provides an actionable way to identify whether the investment into innovation is showing commercial returns and where to focus efforts and investments now and into the future.

Case Study

Innovation Excellence

EMBEDDING INNOVATION AT CEREBRAL PALSY ALLIANCE

Innovation is often stimulated by a burning platform – a key driver that triggers change. For Cerebral Palsy Alliance, this was the advent of the National Disability Insurance Scheme (NDIS). This necessitated a fundamental change in the structure of the organisation, from a charity whose fundraising efforts were bolstered by government funding to a social enterprise with a commercial lens and a social impact mission.

What Cerebral Palsy Alliance learned is that innovation is not a one-time transformation but that, having an innovation strategy and structuring the organisation around this strategy, fosters an innovative environment in which the organisation can continue to thrive.

Cerebral Palsy Alliance has implemented a three-pronged innovation strategy comprising an internal capability for innovation in service development, Australia's first disability-focused start-up accelerator called Remarkable, and a research arm. These three pillars are generating significant new opportunities for Cerebral Palsy Alliance.

The transformation of a charity into a social enterprise was initially a source of uncertainty but has, in fact, led to unimagined possibilities for impact. "The NDIS gives us a fantastic opportunity now to deliver the services that make the biggest difference for families, which we may not have been able to offer in the past" says Customer Experience and

Innovation Consultant at Cerebral Palsy Alliance, Robyn Cummins.

Structuring and embedding innovation at Cerebral Palsy Alliance was a company-wide initiative. "We followed three different domains of growth through innovation - getting the structure of innovation right, getting the leadership right and getting the people right" says Robyn. To embed innovation across the organisation, significant efforts to foster innovation at the foundational level were put in place. All employees are encouraged to think about doing things differently. Implementing their first innovation strategy in 2012, Robyn says, "Innovation is now woven through every part of the organisation's strategic plan".

Rewards and recognition are also a part of the innovation strategy. "Everyone has a core competency in their role description around innovation and creativity" says Robyn. Having these core competencies built into performance reviews highlights that this organisation isn't paying lip-service to innovation but is recognising and rewarding those who are innovative. A peer-to-peer recognition program includes innovation as one of the four categories in which staff can be nominated. Having a defined innovation strategy will guide the organisation on how to stay ahead of those trends. "You can't move forward by doing things the way you've always done them." says Robyn.

"NFPs should stay abreast of key trends impacting not just their business but the broader external environment"

Robyn Cummins, Customer Experience and Innovation Consultant
Cerebral Palsy Alliance



A man in a light blue shirt is standing and presenting to a group of people seated around a conference table in a modern office. The office has large windows in the background. The text "Barriers to Innovation" is overlaid on the right side of the image.

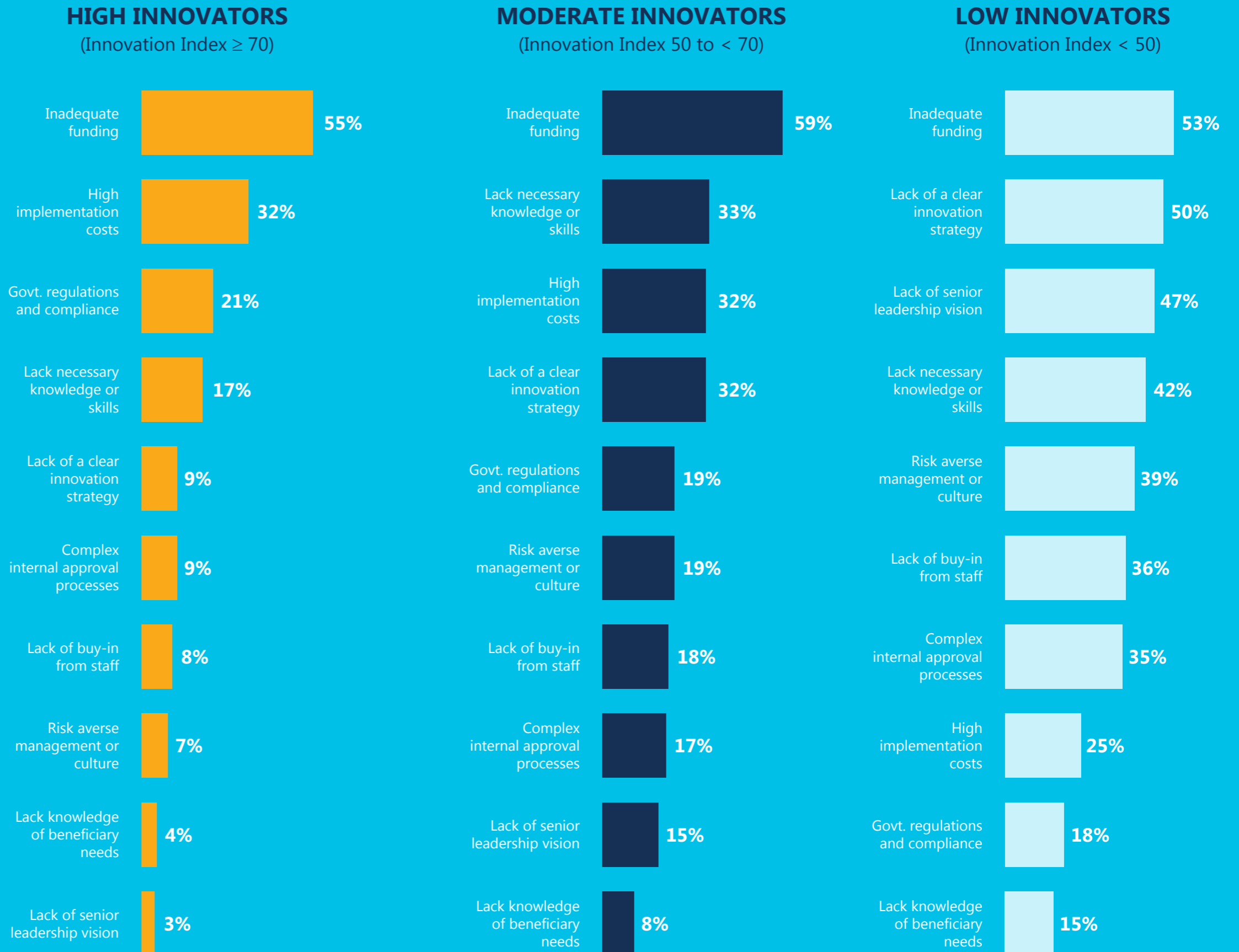
Barriers to Innovation

For the third year in a row, lack of funding is perceived to be the biggest barrier to innovation

BARRIERS TO INNOVATION

Access to funding is perceived as the biggest barrier to innovation, regardless of an NFPs' existing level of innovation. For Low Innovation organisations, the absence of a clear strategy and senior leadership vision are also major impediments. These impediments correlate with this segment's low score in the Innovation Focus vector (37.6).

A clear innovation strategy links innovation to the overall strategy of an organisation. Without a clear purpose and defined success metrics aligned to the organisation's goals, innovation will not flourish.



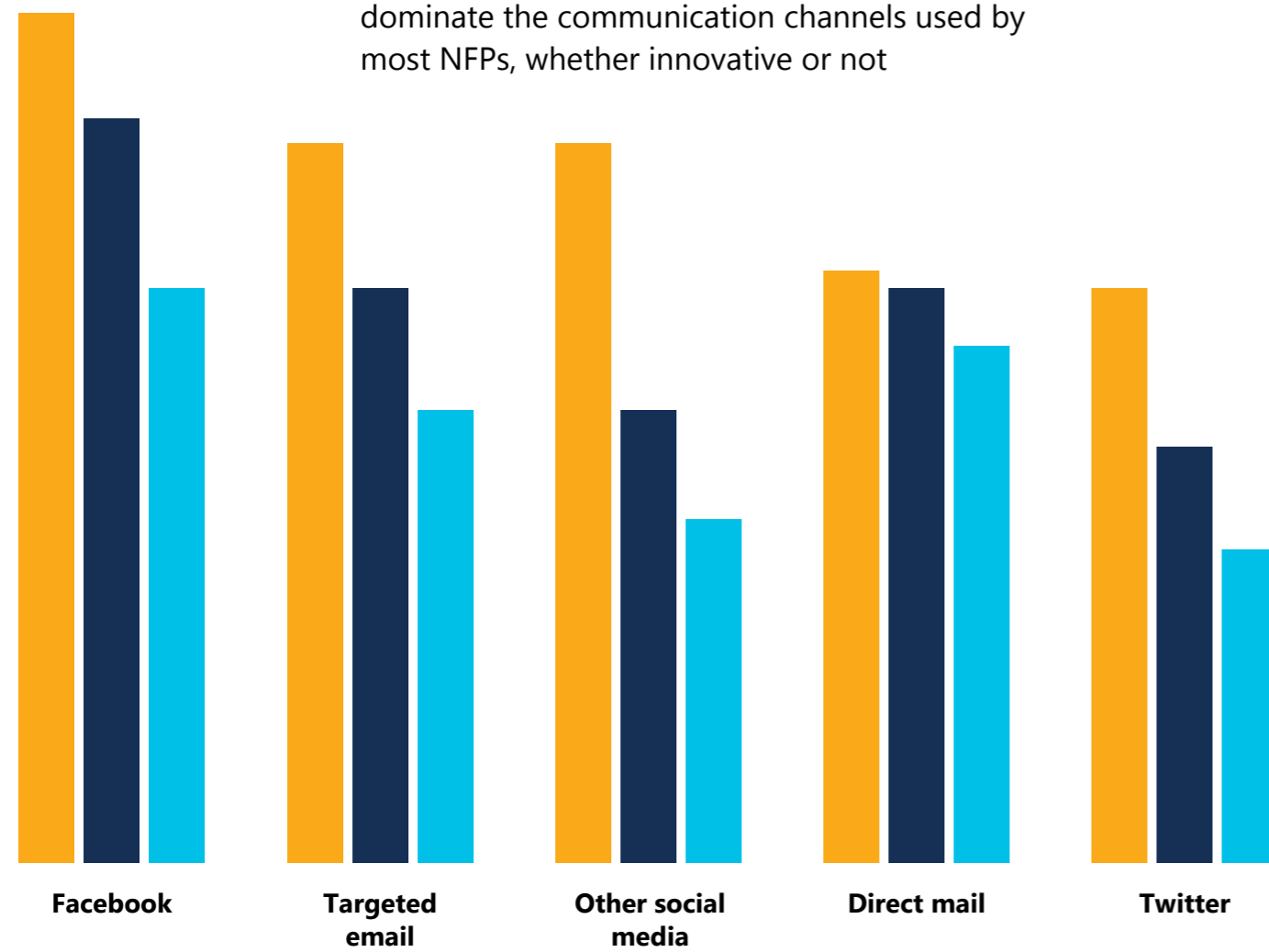


Innovation, Communication and Sources of Funding

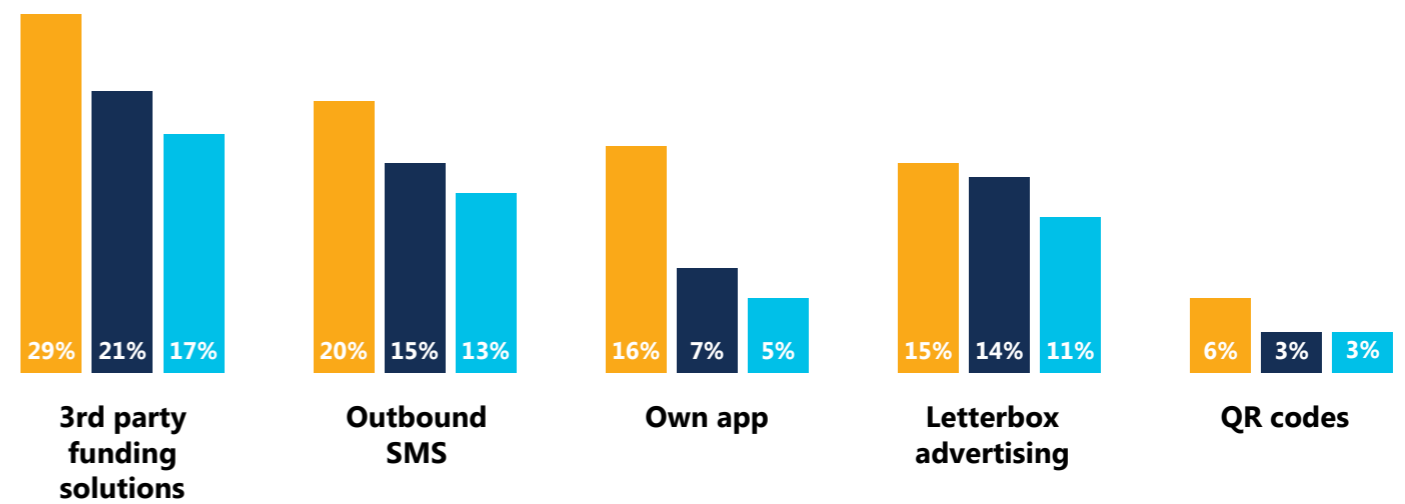
Embracing a wide range of communication channels, including new forms of technology, drives innovation

STAKEHOLDER COMMUNICATION CHANNELS USED BY INNOVATION SEGMENT

Social media and targeted email campaigns dominate the communication channels used by most NFPs, whether innovative or not



Innovative organisations are embracing new forms of technology to increase the reach and effectiveness of their communications with donors and beneficiaries

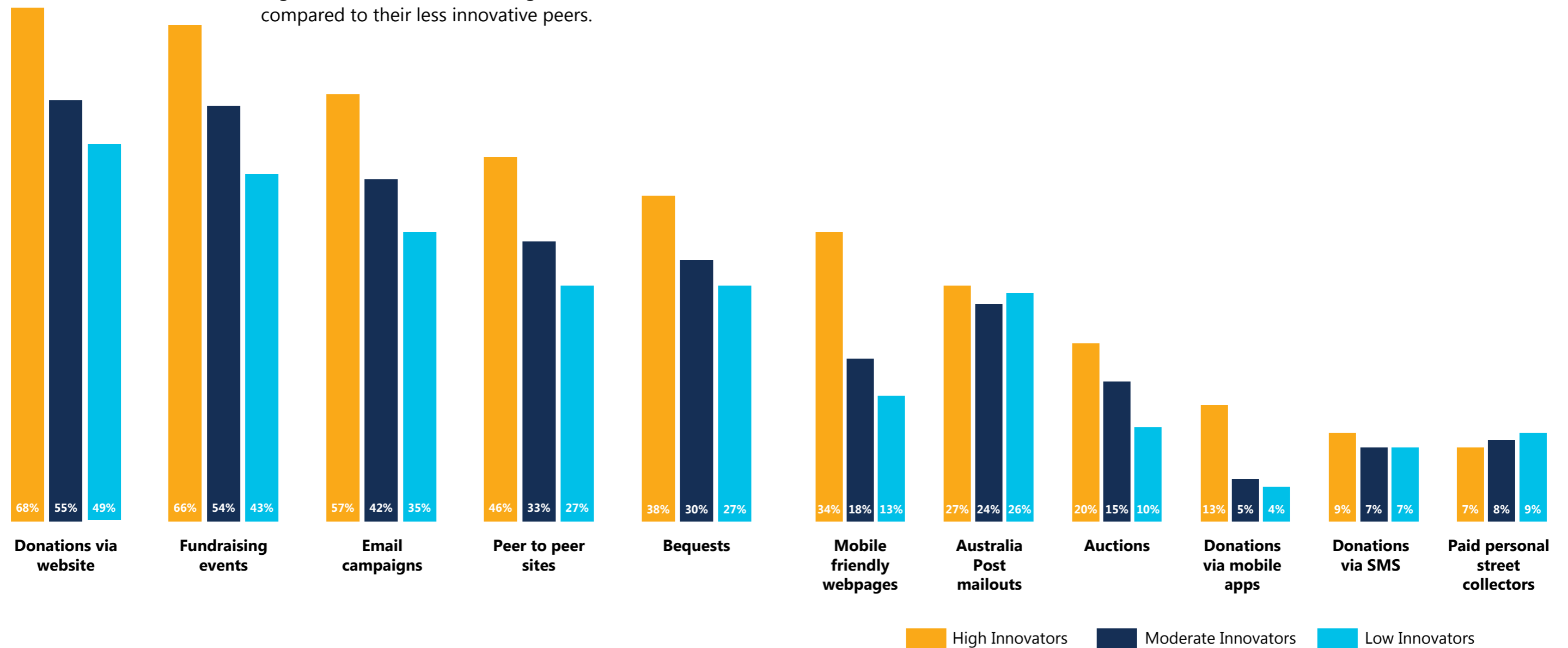


High Innovators Moderate Innovators Low Innovators

Innovative NFPs use a range of both online and offline fundraising strategies

FUNDRAISING STRATEGIES BY INNOVATION SEGMENT

High Innovators use a wider range of channels compared to their less innovative peers.











A modern office lounge with people sitting on colorful sofas. The scene is set in a contemporary office environment with exposed concrete pillars, glass partitions, and modern lighting. In the foreground, a man in a light blue blazer and a woman in a beige blazer are seated on a red sofa, engaged in conversation. To their right, another man and woman are seated on a red armchair, also in conversation. In the background, a yellow sofa is visible. The office desks and computers are visible through the glass partitions. The overall atmosphere is professional and collaborative.

The Most Innovative NFPs in 2017

Our top innovators for 2017 based on innovation index

Rank	Logo	Organisation	Compared to 2016
01		Cure Brain Cancer Foundation	Top!
02		Movember Foundation	↑1
03		Cerebral Palsy Alliance	New!
04		Breast Cancer Network Australia	New!
05		Infoxchange	New!
06		Culture At Work	↑1
07		FSG Australia	New!
08		LifeCircle Australia Limited	New!
09		BeyondBlue	New!
10		McGrath Foundation	↓5

Our top innovators for 2017 based on peer review

Rank	Logo	Organisation	Compared to 2016
01		thankyou	↑7
02		Movember Foundation	↑3
03		BeyondBlue	↑5
04		Australian Red Cross	New!
05		Cancer Council	New!
06		Headspace	New!
07		Fred Hollows Foundation	New!
08		Oxfam Australia	↓7
09		Cerebral Palsy Alliance	New!
10		GetUp!	↓1



**The traits of
an Innovative
NFP**

Geographic reach of the organisation drives innovation

INNOVATION BY GEOGRAPHIC SCALE OF OPERATIONS

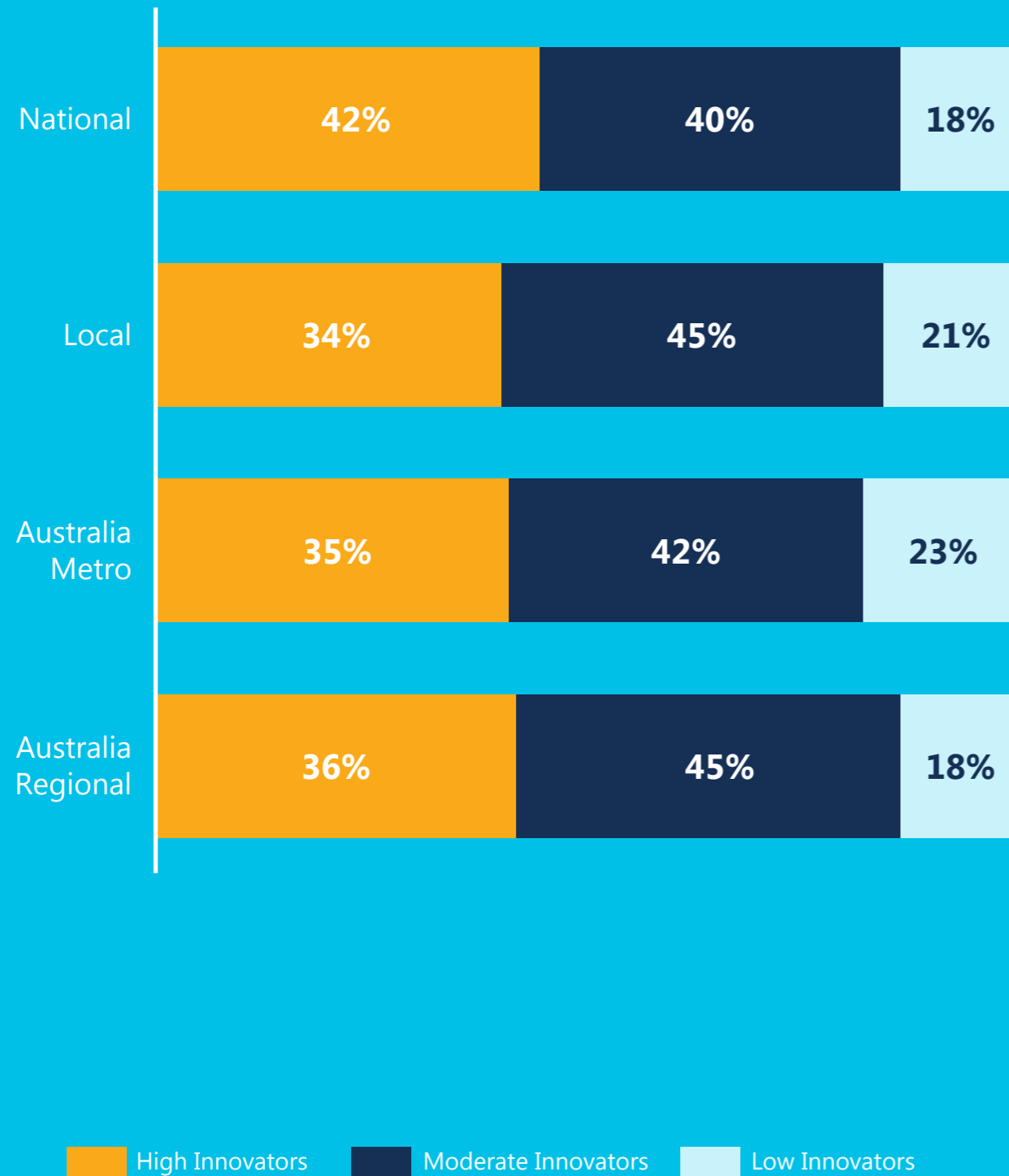
Research on the geography of innovation activity has shown that close proximity to areas of dense economic activity can encourage businesses to cluster together to share resources, including knowledge.¹ This is commonly seen in startups where the clustering of startups in close proximity creates a vibrant ecosystem in which space and even technologies are shared across businesses.

National NFPs should capitalise on opportunities to form wide collaborative networks not only with other NFPs but with startups,

businesses and governments. For example, there are a number of free startup networking events that NFPs can attend to learn about innovation, new ideas and ways of working.

The opportunity at a local level is to increase the scope for differentiation. Through deep stakeholder research and rapid experimentation, locally focused NFPs can use their understanding of the local market to develop unique fundraising campaigns, services and events which engage their stakeholders in a genuine relationship.

Innovator segment (% of organisations)



Source: 2016 Australian Innovation System Report, Department of Innovation, Industry and Science

Diversity of age is a driver of innovation

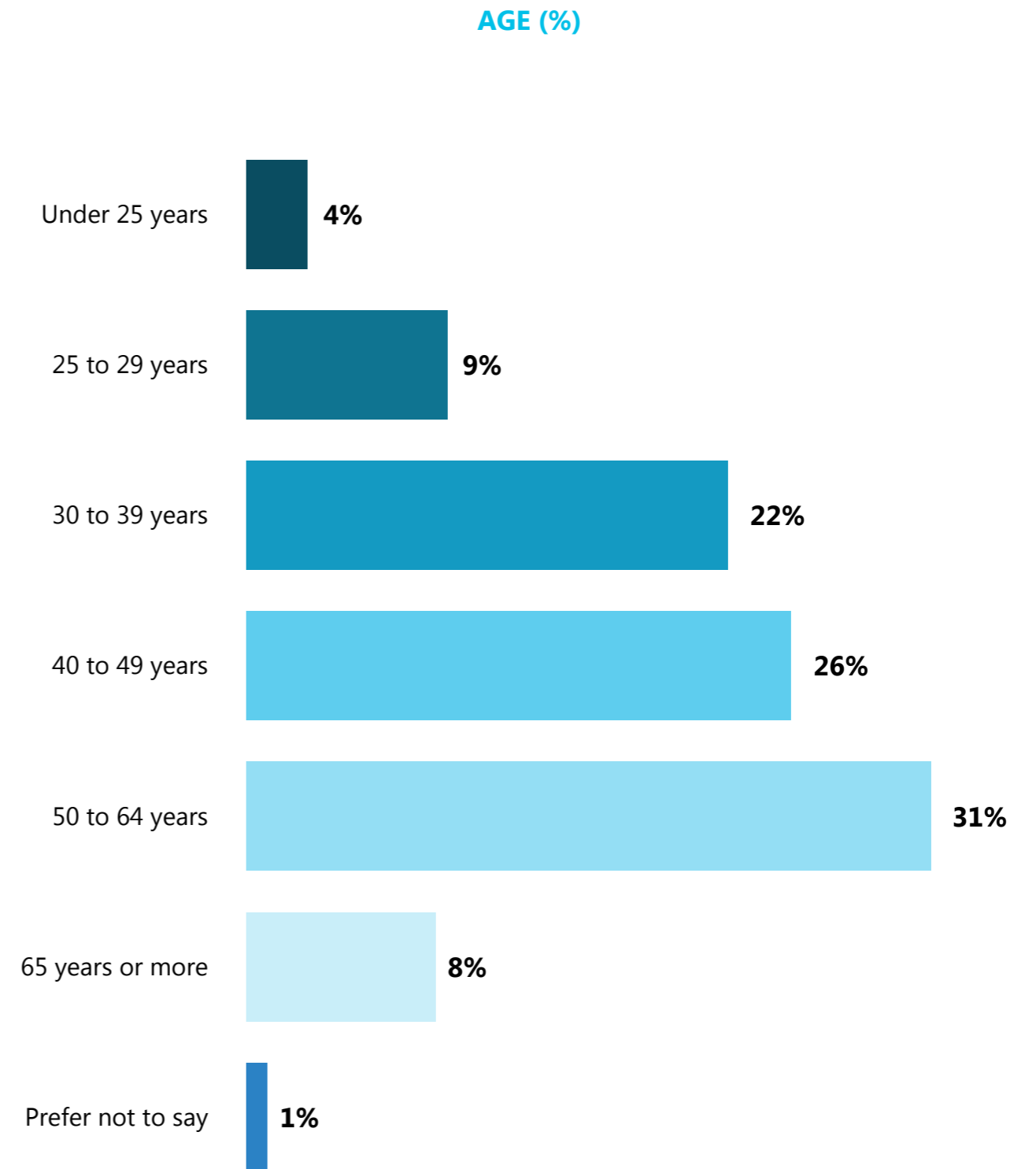
HOW DIVERSITY MAKES A DIFFERENCE

Evidence is stacking up that there is a business case for diversity. Two-dimensional diversity is said to exist in a team when there is diversity in more than one demographic such as age, gender, ethnicity etc. A recent study showed that companies with two-dimensional diversity were 45% more likely than those without to have expanded market share in the past year and 70% more likely to have captured a new market.¹

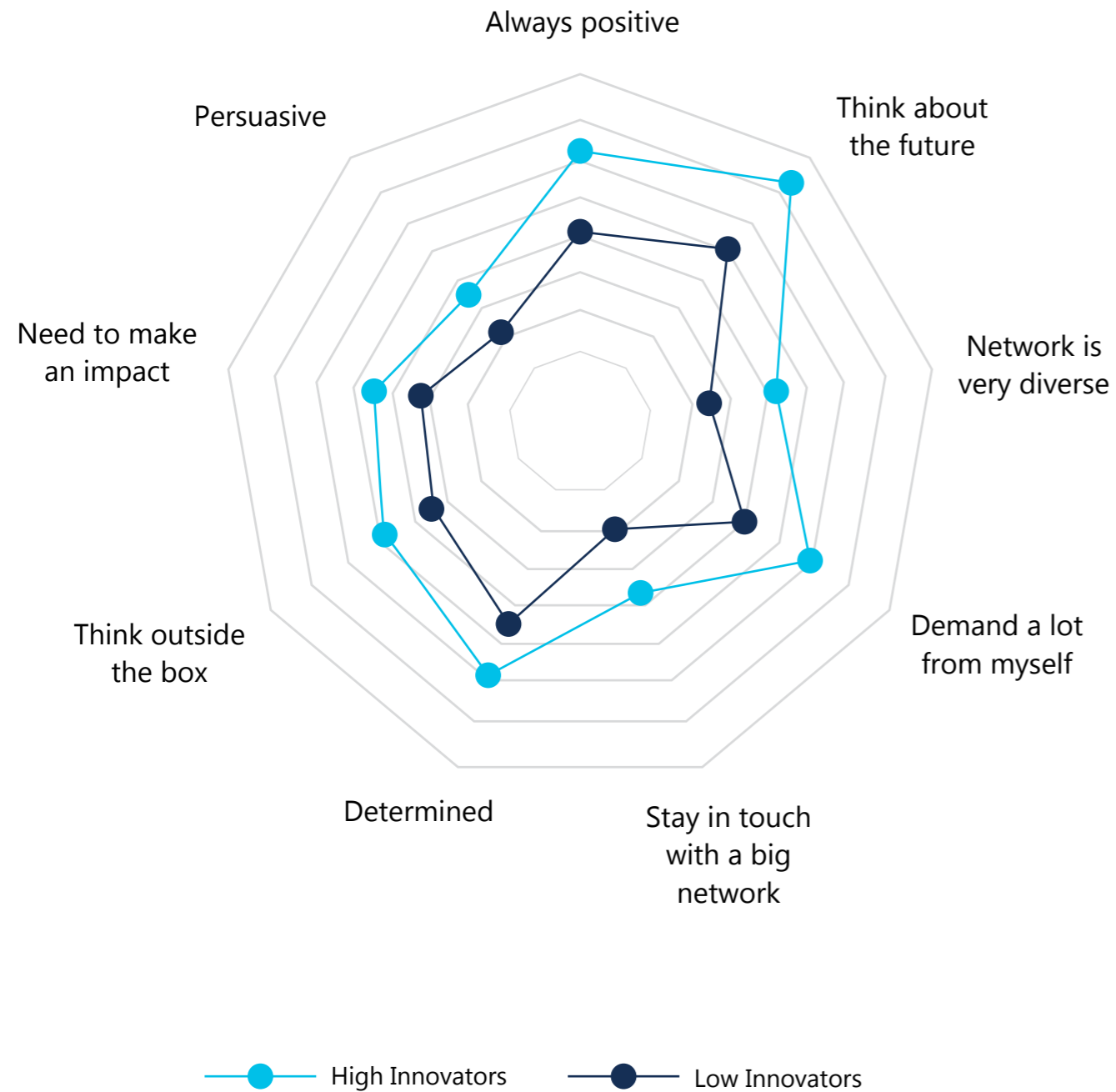
Inter-generational teams create diversity of ideas and approaches. This is a problem for the NFP sector since 65% of the workforce are over the age of 40 years. NFP Leaders need to be recruiting Gen X, Y and Millennials as employees to ensure a diverse mix of staff that can drive innovation as a team.

Additionally, when teams had one or more members who represented the target stakeholder, the team was 158 per cent more likely to understand that target end-user and innovate accordingly.

Source: <https://hbr.org/2013/12/how-diversity-can-drive-innovation>



SIGNIFICANT DIFFERENCES IN PERSONALITY PROFILE OF HIGH AND LOW INNOVATION NFPS



Innovative staff drive innovation within the organisation

TRAIT ASSESSMENT

People are the most valuable resource within any organisation. Respondents were asked to assess themselves against trait statements commonly associated with innovation and entrepreneurship.

Interestingly, those working in High Innovator NFPs were significantly more likely to report that they connect with larger, diverse networks, think outside the box and stay positive.

Thinking about the future is the top personality trait selected by both High and Low Innovators, yet there is a 20% difference between the two (72% for High Innovators vs 52% for Low Innovators).

Leaders in Low Innovator NFPs should foster these traits in their employees to support an innovation and growth mindset.

Innovation in the NFP sector has progressed significantly in 2017

AN INNOVATION IMPERATIVE

The NFP sector is the custodian of social and environmental good in Australia and plays an essential role in our society. Yet capturing the hearts and minds of the public to ensure they are aware of and empathetic to the important causes NFPs represent is an increasingly challenging task.

NFPs are facing increased competition from disruptive for-profit change agents and donors are struggling to “drown out the noise” in our hyper-connected world. This is making it more difficult for NFP messages to cut through. Now more than ever, NFPs need innovation.

As this year’s report shows, innovation should be a considered strategy, not a one-off initiative. The eight key vectors that underpin innovation need to be incorporated in that strategy to ensure NFPs thrive and grow. NFPs must embed innovation into their DNA to achieve sustainable growth and ensure that they thrive in an uncertain and rapidly changing world.

LOOKING FORWARD

Over the past three years the NFP sector has advanced by leaps and bounds in understanding innovation. Last year, the missing piece was the ‘how’ – NFPs knew they needed to innovate but didn’t have the tools or capabilities to do so effectively.

This past year, the sector’s innovation capabilities have been identified. But a clear vision of ‘where to next’ was lacking. We urge NFPs to understand the importance of documenting a core innovation strategy and articulate a vision for innovation success.

We are committed to continuing to help NFPs understand and track their performance in relation to the broader sector and to identify and improve on any deficiencies across the eight innovation capabilities.

Australia looks with hope and trust to its NFP sector to meet the many diverse and complex challenges we face in the 21st century. We are confident that innovation is the key to the sector’s capacity to deliver on that hope and trust for the optimal flourishing of our world.

Conclusion