

Seven Necessary Conditions for Reliable Nonprofit Organizations

[Original Japanese source](#)

1. The organization has a clear mission, and is engaged in continuous project development.

It is important that the goal of the organization's activities is clearly expressed in simple language. This goal should be stipulated in as much detail as possible (e.g. social transformations expected through the organization's efforts). Also of importance is activities in line with the organization's goals are being properly carried out. The organization should provide good quality services in a stable and sustained manner through its efforts. For this, it is vital to have a medium to long-term plan for implementing projects, which allows for timely review with objective evaluation.

2. The organization is financially independent and does not rely on just one specific managerial resource.

Nonprofits are run by making use of a variety of resources including people, goods, money and information. They are established through and therefore value volunteerism, and desire as much independence as possible in management. Thus, and particularly in terms of finances, it is important not to rely on any one particular managerial resource, but rather to find a balance between key resources and stable sources of revenue such as membership fees, donations and income from independent projects, as well as sources such as contracting income and grants or subsidies, which though temporary, are consolidated.

Regarding the growing load of work outsourced by other bodies, especially the government, in the name of "collaboration," it is important to consider the issues of consistency with the organization's goals at the time of its establishment, and the ability to negotiate the conditions offered.

3. The organization maintains autonomy in decision-making regarding its plan of activities and budget.

Nonprofits are founded on people's volunteerism, so in order to avoid straying from such roots, it is important that they are not controlled by the wishes of certain individuals or

groups (e.g. the government, corporations, religious groups, political parties) and maintain independence in deciding their plan of activities and budget. This is not just about external independence, but also the management framework. The functioning of autonomous governance is crucial, and board meetings and general assembly should be held with some frequency and regular attendance.

4. The organization actively discloses information such as its annual report and accounting statements.

For an organization's activities to be understood, and backed/participated in not only by people supporting it in various ways such as members and donors, but also by wider society, it should have activity reports and accounting statements (income and expenditure, assets) that explain the purpose, content and outcomes of these activities. Through publicity tools such as websites and newsletters, this information, including organizational information, must be actively published in a manner that is easy to understand. Specified Nonprofit Corporations (incorporated nonprofit organizations) are required to submit project reports and accounting statements to the relevant authorities within three months after the end of the financial year and allow them to be open for public inspection. It is desirable, however, for this to go beyond being a basic legal duty so that nonprofits disclose such information more actively.

5. The organization is open to the public, and enjoys its support and involvement.

In managing nonprofits, which are established voluntarily by citizens as a means to resolve social issues, it is important to establish decision-making and project implementation systems that easily involve the public. This is realized by, for example, increasing member and volunteer involvement, establishing provisions about participation, securing staff to promote member and volunteer involvement from the project planning stage, and fostering organizational transparency by reporting on decision-making processes and releasing project outcomes. Such efforts promote the creation of an organization with the sympathy and support of the public at its base. This sympathy can be expected to lead to a growth in income (e.g. membership dues, donations), and an organization with growing public participation in both activities and finances.

6. The minimum set up (at least) required for a secretariat is in place.

Secretariat structures vary according to activity and scale, but as organizations engaged in social projects, it is necessary for nonprofits to be contactable at all times, regardless of whether full-time staff are employed. The people at the organization must also have a stable and continued presence, without high turnover. If the organization implements projects, it is important to ensure that information is not in the sole possession of individuals and is instead shared within the organization through various communication means, and that people's tasks and responsibilities are clear. It is also important to internally discuss and decide on the structure and authority for making decisions.

7. The organization is disseminating messages creating new mechanisms and social values.

Although it is not necessary to insist that all nonprofits work towards social change, many are founded after gaining awareness of a problem in society. Often, however, such initial awareness is forgotten amid the onslaught of daily activities. Nonprofits must not forget their beginnings, and must always keep their eyes open to society and think about developing frameworks and social values, asking what we need to do to create a better society and what we can do to stay engaged. Good timing is crucial when disseminating such messages to society. A steady flow of messages leads to greater trust in the organization.