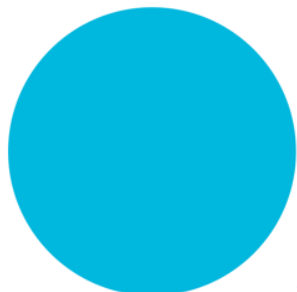


DIGILEAD Output 1

techsoup
EUROPE

Methodology of Training for Nonprofit Leaders: Digital Transformation

Theoretical Handbook



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1. Introduction

Tech is disrupting every sector. From space travel to helping the poorest of the poorest in warzones, the complete digital transformation of the social sector is the inevitable “the Next Big Thing”, changing organizations who work with the marginalized groups of our society (Horizon Report 2018). The buzz is not only about social media, but also about crowd-funding, Internet of Things, artificial intelligence, augmented reality and even drones which are boosting help and educational activities of the social sector (TechCrunch 2018).

While digital change is already here, European NGOs are lagging behind in digital transformation. The ICT4NGO project research shows that there is a massive misunderstanding of the digital role and trends amongst leadership of NGOs. In order to tackle this issue, TechSoup Europe, together with partners Fondacija Mozaik from Bosnia and Herzegovina, Les Ateliers du Bocage from France, Haus des Stiftens gGmbH from Germany and SocialTechno Impresa Sociale srl from Italy is implementing project DIGILEAD - Advancement of Digital Transformation of Social Sector with the Use of Open Badges Recognition System. The project aims at the creation of a framework for digitally competent NGO leaders. The specific objectives one and two of the project are focusing on the development of digital transformation competences of senior staff and management in non-governmental sector.

This Handbook is prepared as a part of the Advanced Methodology of Training Nonprofit Leaders about Digital Transformation, an innovative and unique course, targeting senior staff and management of NGOs directly. The handbook provides theoretical input for participants of the training and covers topics related to digital transformation, digital competencies of senior staff and management, as well as unique insight into TechSoup’s Digital Transformation Initiative.

2. Brief History of Digital Technologies

Can we point to the exact moment when the history of digital technologies started? From today's perspective it is difficult to see any connection with what was happening in the 17th century with today's modern digital world. But there is one significant moment: In 1679 Gottfried Wilhelm Leibniz developed the modern binary number system, which was published much later. The binary number system is crucial for the functioning of computers today. Without explaining in too much detail, the binary number system are the ones and zeros we often see as a representation of a computer's language.

A more recent example would be the development of ENIAC in 1947. ENIAC was one of the first digital computers. It was a modular computer built of vacuum tubes, crystal diodes, relays, resistors, capacitors and hand-soldered joints. It weighed 27 tons! From today's perspective not too powerful. A modern smartphone is by far more powerful than this computer, but it was a beginning.

After this, things started to happen very quickly. The first commercially available computer, the first 5 MB hard disk, the microprocessor, ARPANET (Internet's grandfather), the introduction of the first programming language BASIC – all these were developed from the 50's to the early 70's of the 20th century.

And then everything speeded up! Microsoft and Apple were founded, the personal home computer was introduced. A switch from analog to digital in keeping data happened, becoming the new standard in business. In the 80's, digital technologies entered our homes in a big way. Millions of personal computers were sold. The Commodore 64 is still the best-selling computer of all times, with 17 million units sold. However, it was not just homes that were affected. New technologies entered schools, hospitals, business and industries. In the 80's, Motorola created the first mobile phone. Although this first mobile phone used analog communication, it was a first step in a communication revolution that started in the next decade with the introduction of the 2G network.

In 1989, Tim Berners-Lee created the World Wide Web.

In the 90's, the internet became part of mass culture after it was made publicly accessible in 1991. This required web browsers, and quite soon we had Netscape Navigator and Internet Explorer. In the mid 90's, the OP Financial Group became the first online bank in Europe, second in the world. The first ever photo was uploaded to the Internet. The first ever online order was placed – A large pepperoni, mushroom and extra cheese pizza from Pizza Hut. In the 90's, digital storage became more cost-effective than storage on paper. At the end of the decade, Nicholas Negroponte wrote: "Like air and drinking water, being digital will be noticed only by its absence, not its presence."

The new millennium continued with a seemingly uncontrollable bush fire of the digital revolution. It would be difficult to mention all the milestones. Let's just say the world has changed irreversibly!

3. How Digital Technologies Changed the World

The first thing we might think of when talking about digital technologies today would probably be the internet, smartphones and smartwatches. But the change is much deeper and comprehensive. It now heavily influences every aspect of one's life. It is in our homes, transportation, work, education, medical facilities. It has become the core of business, industry, communication, marketing, construction, agriculture... It is everywhere!

Let's look at just a few of the mentioned examples and take a glance at what are we talking about here. Perhaps the most obvious one for all of us would be communication. When was the last time you sent a letter to someone? Or received one? Do you remember dialing the zero during the call if there is something wrong with the connection on an old rotary dialer telephone? We tend to smile when we see a representation of a telephone switchboard in old movies with a lazy operator connecting the main character with his aged aunt on the other side of the globe. Not to mention the telegraph, or some means of communication from more distant times. But this was reality. Today we demand an instant, high quality connection, preferably with video and security encryption. With no delays and no matter where we are located. We demand video call conferences with dozens of participants from all around the world. We use emails for business or private communication. Checking your business correspondence at the top of a mountain is no problem at all. Need an instant translation of a message from a foreign partner – it can be done in a blink of an eye. Need to send a two-hundred-page document to your CEO - piece of cake. Text messaging, applications, it is always available at our fingertips. It has become normal for us, it has become standard. Communication has speeded up for just a fraction of the cost. All of this became possible due to digital technologies.

What about transportation? You need to go on a business trip, so what do you need to do? Call your travel agent to book your accommodation and flight, pay him a nice fee for his services. And you might be surprised once you get to the hotel because you had no idea what it looked like. Or use telephone calls to book everything directing with an agent, then go to the station or airport to pick up the tickets. Today you do it from the comfort of your home or office, with several clicks.

Technology is changing business as well, in how we plan, how we operate, how we manage, how we market, and how we sell. It affects the way we hire people, communicate across the company, and ultimately how businesses make profit.

But it has not changed only business. It has heavily changed the nonprofit environment. So what actually has changed? First of all, communication has become instant. Emails are the main channel of communication. We even have digital signatures that are legally recognized. The ability to instantly send and receive an enormous amount of data has speeded up every aspect of work. Communication applications are becoming more and more a part of every company. And this is not only related to things like Skype for Business. Messaging apps like Facebook messenger, Slack, Viber have become a means of instant and cheap communication for an increased number of employees, even when it comes to official, business-related communication. Today you have smartphones, and they are not just tools for

communication. Thanks to smartphones, you have your office in your pocket at any moment. Of course, a smartphone without data is not that impressive. But when connected to the cloud, we have a great device in our hands. Cheap storage and access to data and documents. Practically from any device, from any place in the world. By the entire team! Updates to documents in real-time by anyone with credited access without endless correspondence and back and forth shuffling of documents.

Technology is bringing better results with lower costs. As a result of wider access to the relevant information or better control of operations, companies are able to increase their profit, while decreasing operating costs. The list of tools to help you decrease costs is quite extensive. These are just a few examples of how technologies have changed business. An interesting question is how technologies are changing the nonprofit sector.

The third sector is such a wide notion, it is not easy to describe in a simple sentence. We are talking about hundreds of thousands of organizations across Europe, different in size and scope of the work. There are organizations with just a few employees, working on a small geographical area and international organizations with thousands of employees, covering an area of several countries, even continents. There are organizations active in urban and in rural areas. There are organizations that focus on sports, art and culture, education, social and economic issues, political and human rights. Just name the topic, and there will be a nonprofit organization working on it. What all of them have in common is that they have been established to make change and improve the lives of people. One of the main features of nonprofits is their accountability towards donors, beneficiaries, funders, volunteers, as well as to communities. Organizations have a high level of accountability and often limited funds for achieving their goals. An interesting topic is volunteering. Nonprofits engage a wide number of volunteers. The digital era created an opportunity for engagement of a new type of volunteers, people who can work from home and still dedicate time and effort to support a nonprofit, such as:

- Website design or support
- Data entry
- Email marketing or management
- Fundraising phone calls and outreach
- Social media promotion and management
- App development
- Volunteer tracking
- Copywriting, blogging, or editing
- Graphic design, photography
- Marketing or branding assistance
- Video creation
- Virtual assistance, staff support

Cloud solutions are taking reporting and analytics to a new level for both businesses and nonprofits. The list of examples of how technology influences and improves the nonprofit sector is long and extensive.

The world in which nonprofits operate changed enormously with the digital era. Everything mentioned in relation to businesses and digital transformation also applies to the third sector.

Communication, operations, planning, implementation, managing, marketing, fundraising, HR procedures, finances, volunteer management - everything is changing.

4. Digital Migrants and Digital Natives

People can be categorized as digital migrants and digital natives. The dictionary describes a digital native as a person born or brought up during the age of digital technology and thus familiar with computers and the internet from an early age. That is, a person that grew up with technologies, immersed in them from the beginning and not acquiring the knowledge of technology later in life as digital migrants do. Similarly, the digital migrant would be a person born before the widespread use of digital technologies, or someone born afterward but without having been exposed to it at an early stage, i.e. someone who needs to learn about technology afterwards. Why the mention of digital natives and digital migrants? There is a significant difference between the two groups. And we are not talking only about a generational gap between the two. This is heavily influencing communication between digital natives and migrants. Digital natives value less institutional structure and open access to people of diverse backgrounds, while digital migrants tend to rely to meritocracy. Digital natives will often ask for re-thinking in relation to practices and processes, while digital migrants might be reluctant toward it.

One of the main features for every nonprofit organization is their connection with their beneficiaries – people they serve. More and more often beneficiaries of nonprofits are digital natives. Especially if nonprofits focus on work with children and youth. Models and channels of communication and outreach to digital natives are different from the traditional ones. And this is just one of the many aspects of how technology influences the work of nonprofits. Volunteers in organizations are more likely to be digital natives than migrants. But let's touch on digital migrants for again.

When it comes to employees of nonprofits, there is a great chance we are talking about digital migrants. People that could have difficulty to fully comprehend digital technology and how it can influence and improve their impact strategy and modality of working. If we go one step further, we will see that one great obstacle is a lack of digital leadership, because the majority of senior leaders are digital migrants. According to a survey by NetHope, in more than 74% of NGOs, no one from the senior management team is responsible to foster the digital transformation of the organization (NetHope [Report Digital Nonprofit Ability \("DNA"\) Assessment](#) 2018). 70% of leading global NGOs do not have a global strategy, 52% of senior leadership in global NGOs do not envisage any changes in the future related to technological advancements, and more than 80% focuses only on social media (NetHope Report, 2018). This is affecting the efficiency and effectiveness of nonprofits in achieving their goals and missions. As already mentioned, nonprofit organizations have accountability toward donors, beneficiaries, funders, volunteers, as well as to communities. Due to this accountability their obligation to invest time and effort in the process of digital transformation becomes inevitable.

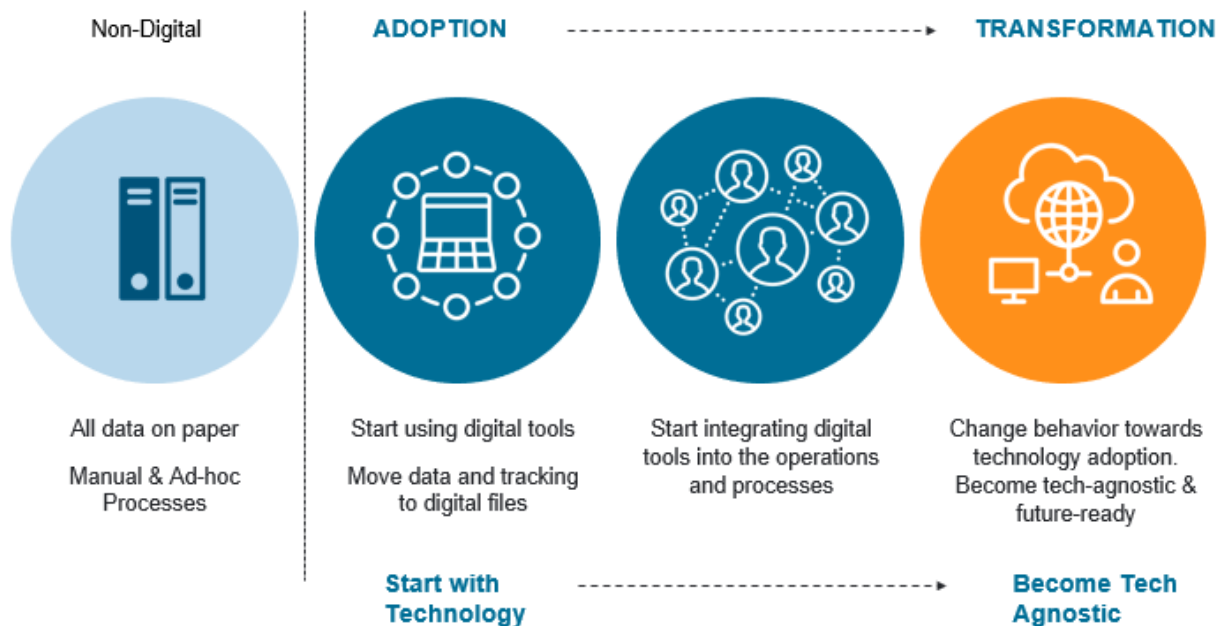
5. What is Digital Transformation

So what is the Digital Transformation? The definition of digital transformation developed by TechSoup describes it as *enhancing the impact of your organization through the adoption of digital technologies to create new — or modify existing — processes, culture, and customer (beneficiaries) experiences to meet changing requirements.*

What does it mean? It is important have to a clear understanding on what digitalization is and what digital transformation is. Introducing digitization and digitalization here could create more confusion, but it is important to make a distinction between these processes. Digitization would be the simplest and most straightforward of the three. According to Gartner's IT Glossary, "Digitization is the process of changing from analog to digital form". Examples of digitization would be transferring books into digital form, conversion of VHS or LP recordings in digital ones. Digitization is converting information to a digital format. **Digitized:** replicated old processes using digital tools, moving from an analog system to a digital format.

Digitalization is the change of the process. Although there is a definition of digitalization in Gartner's IT Glossary which describes it as "Digitalization is the use of digital technologies to change a business model and provide new revenue and value producing opportunities, it is the process of moving to a digital business" there is a lack of clarity related to this process. However, there are a number of other definitions. Academia for example, would not agree with this definition. But if we try to simplify digitalization, we would be describing it as a change of certain processes through the integration of digital technologies. One explanation used for describing digitalization is automatization of the process. For us, it is important to note that digitalization is NOT a digital transformation, although often wrongly perceived as such. **Digitalized:** information, data and communications are optimized through the use of technology that allows the change of processes and operating model.

And to repeat the question from the beginning of this chapter once again – so what is the digital transformation? It is a comprehensive change of organizational activities and processes in a way that will ensure full leverage of digital technologies in a strategic way. Digital transformation is about a change of organizational culture. It is strategic thinking on how digital technologies can, and will help us in achieving organizational goals, mission and vision. Yes, digital transformation will include two or more digitalization processes, but it is far beyond just a simple application of the technology to a certain task.



Digital transformation is firstly a change of attitudes toward the use of technology at all levels of the organization, from frontline workers to senior management, and a recognition of how it can improve organizational efficiency and effectiveness for achieving the goals of the organization. It is the process of nonprofits achieving their full impact potential by embracing digital technologies and achieving more with less. In light of the nonprofit sector, it is about using technology for good. What we are transforming are technology, people and the processes. **Transformed:** an attitude towards technology that pursues new ways of optimizing processes and operating model through technology, constantly seeking out new ways of working and ways to improve impact with available resources.

6. TechSoup Digital Transformation Initiative

A good way of digging deeper into the story of digital transformation would be the use of a concrete example. In accordance with TechSoup's mission, digital transformation has become one of their organizational priorities.

According to a NetHope survey (2018), more than 74% of nonprofits lack a person responsible for fostering the forthcoming digital transformation. In fact, 70% of leading global NGOs, recognizable worldwide and reaching large number of beneficiaries, do not have a technology strategy, 52% of senior leadership in global NGOs do not envisage any changes in the future due to changing technology trends, and more than 80% of organizations focus only on social media (NetHope Report, 2018). This trend is mirrored within TechSoup's own data; though many of the 1.1 million nonprofits served by TechSoup use some form of cloud tools (usually email), fewer than 5% have moved their data, servers, operational, and productivity applications to the cloud.

The necessity to digitally transform can be seen in the example of Microsoft Windows, Office and Exchange, which, by estimates, are relied on by more than 98% of nonprofits on the planet. As of 2020, these solutions will only be available through the cloud. Nonprofits using Windows and Office should plan on how to transit systems to the cloud, otherwise they will find themselves under pressure to make the transition when they no longer have a choice and without proper planning. The cost incurred to society should organizations not migrate to the cloud in terms of compromised security, lost productivity, and increasingly inefficient service delivery to the world's most disenfranchised, will be significant. According to KPMG Cloud Economics: [Making the Business Case for Cloud](#) typical IT organizations spend over 30% of their budget on infrastructure. Shifting some or all of the work to the cloud can save organizations anywhere from 10-20% of their annual IT budget. Trend Report: [Why Businesses are Moving to the Cloud](#) states that nearly 80% of surveyed IT professionals recognize saving money, increasing productivity and security tanks to operating in the cloud.

While disruptive, nonprofits have much to gain from cloud technology - including improved collaboration and security features, increased flexibility to work remotely, automatic data backups, and better tools to manage and analyze data for greater understanding of their impact and needs. The total cost of ownership for cloud technology will come down as groups of small organizations collectively rely on outsourced, expert technology support, and their subscription-based technology-spend will become more predictable. Utilization of the cloud can take collaboration to a new level. Each team can set up and manage their own team folders, decide who can manage, add, edit or view your data. You can easily keep track of all changes made by any team member, you can solve version conflicts, you can use unlimited file versioning to roll back to any previous version. It allows you to share files or folders with people outside of your company easily and securely, not using email attachments or other file transfer methods. You can introduce download limits, expiration dates, and password for extra protection. Cloud security delivers numerous levels of control in a network infrastructure to ensure protection. Cloud will provide security protocols to protect sensitive transactions and information, ensuring your information is protected from third parties and potential malicious attempts. If we look at the flexibility to work remotely, cloud can allow team members to access files from practically any device, from any location. Files can be accessed via smartphones or PCs by using mobile applications or by simply use of Web Access. All data is automatically backed-up, ensuring you never lose an important file. Cloud will update files in real-time, automatically adding any edits you make.

TechSoup educates, facilitates and supports these coming changes for nonprofits. TechSoup is confident that an investment in tying these services together into a powerful, data-driven, digital transformation program will help communities manage their digital migration, take advantage of the cloud, and avoid the risks of being late to this technology shift.

TechSoup has started the Digital Transformation Initiative as a part of efforts to support nonprofits for effective utilization of digital technologies for achievement of their goals and missions, with the goal of supporting organizations in achieving the benefit of digital transformation.

TechSoup's Digital Transformation Initiative has three parts:

1. A relevant, global nonprofit organization (NPO) digital maturity model.
2. A digital assessment process that will create custom IT transformation roadmaps for the organizations we serve by measuring an organization's technology capacity and maturity.
3. A marketplace of resources including technology solutions (including both technology products and supporting services), trainings and courses for nonprofit staff and change management consulting.

TechSoup created Digital Transformation Framework to describe a crucial element of digital transformation. The digital transformation journey includes a few important questions. One of the questions is what do we transform through this process? A common answer would be technology. Organizations that are yet to enter the digital era, which are still using analog solutions, will need to transform technology. And this is partially correct. We do need to start with the introduction of the technology to nonprofits, adopt relevant digital solutions and start using digital technology. But we need to think of the processes we need to undergo and how to transform organizational culture and attitude toward the technology. We are talking about transforming the processes and transforming the people. It would be a delicate and balanced process of integrating digital tools into operations to increase efficiency, while at the same time moving the culture and behavior toward the technology. In another words, it is about starting with technology and continuing with the processes and the people. The Digital Transformation Framework consists of three layers: MISSION, IMPACT STRATEGY and FUNCTIONAL CAPACITY.



Digital transformation starts with an organizational mission. According to <http://www.businessdictionary.com>, mission statement definition is *A written declaration of an organization's core purpose and focus that normally remains unchanged over time. Properly crafted mission statements (1) serve as filters to separate what is important from what is not, (2) clearly state which markets will be served and how, and (3) communicate a sense of intended direction to the entire organization.*

In the case of a nonprofit, the mission statement defines the nonprofit's purpose. A clear definition of what groups the nonprofit serves, who the beneficiaries are, and how the organization plans to benefit them. It is a clear map of what and how the organization plans to do. The process of digital transformation must start with the mission of the organization. To clarify the question what your mission is, what do you

want to achieve? This question needs to be clear to everyone involved in the process. The next level is answering the questions: “Do you have a strategy to achieve the mission in the next 5-10 years? Does leadership of the organization think about it? How do you deliver your mission? Which processes are in place, which tools, services and solutions does the organization use in order to reach the mission?”. This is the impact strategy. It is important that organizational senior management considers these questions and has a clear vision and concrete plan on how to achieve the mission. When we talk about digital transformation, we look at the impact strategy and how it can be enhanced with digital solutions. This is about identifying current technological solutions, assessing the functionality of them, how appropriate it is for achievement of the organizational mission. And then, as a next step, the organization needs to identify appropriate digital solutions that can upgrade organizational capacities and effectiveness for achievement of the mission. This is connected to the third level of the Digital Transformation Framework, Functional Capacity.

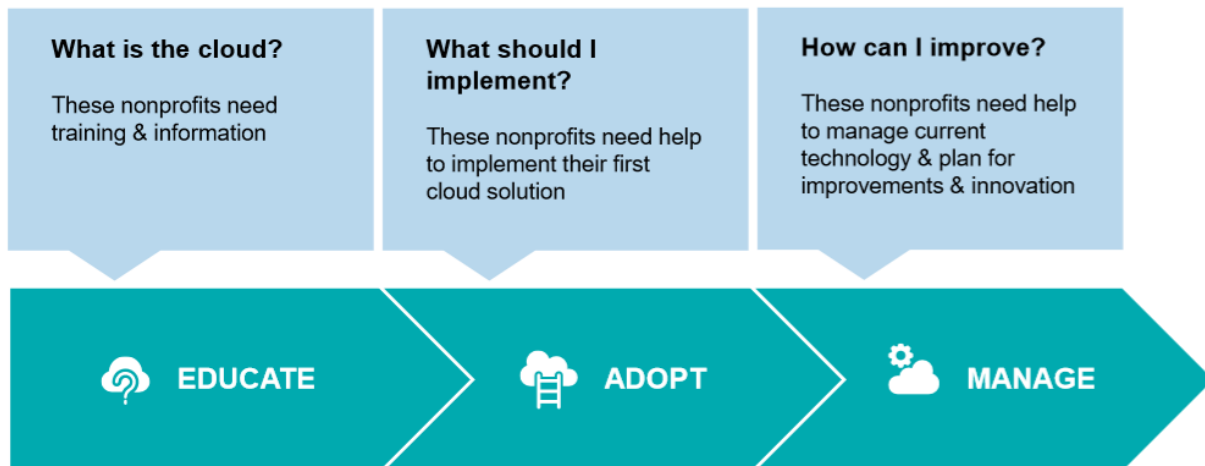
TechSoup’s Digital Transformation Framework defines six categories of Functional capacity. Six categories have been defined after extensive communication with nonprofits in the process of the development of the Digital Transformation Framework. These six categories include nearly 50 issues identified by nonprofits, framing all of them. Six categories are:

- Productivity
- Security
- Communication and Marketing
- Operations
- Data and Impact Measuring
- Innovation.

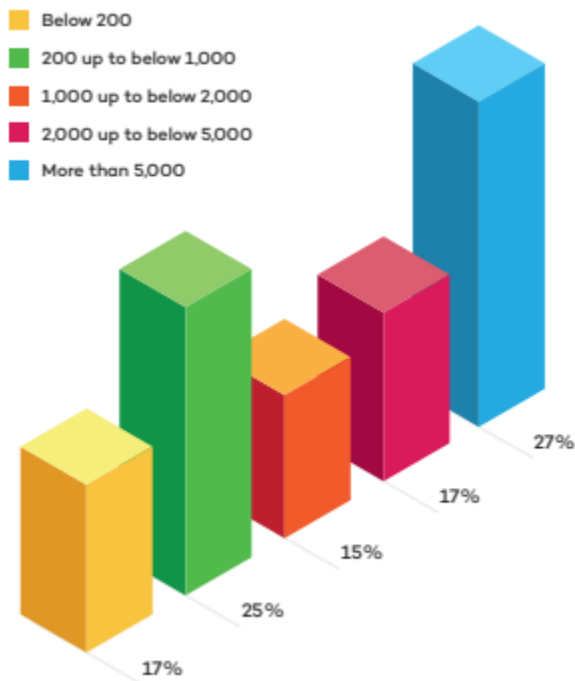
It currently describes functional areas and how nonprofits deliver their programs. Digital transformation will look at each of these areas and define the current status and needs. The leadership of the organization must have a clear understanding of their impact strategy. Leadership must drive the change, drive the transformation. However, the status of the organization needs to be assessed from multiple perspectives. Program owners must have a chance to give their perspectives, especially when it comes to the level of functional capacity. In this process, the leadership, as the owner of the process, must drive the change and integrate technology as a strategic partner in achieving the mission, not as a separate function.

7. Digital Maturity Model

A digitally mature organization is an organization transformed, evolved, or more accurately, constantly evolving together with technology. It is the organization that leverages digital technology to increase efficiency, improve or boost processes, and integrate technologies into organizational culture and strategy. It is an organization that is future-ready and innovative in the use of technologies. The Digital Maturity Model is a tool that leads us through the process to identify the digital maturity of an organization.



A Research guide on the world’s best technological and functional practices on the ICT competencies assessment standards, a document produced by TechSoup and partners Fondacija Mozaik from Bosnia and Herzegovina, Les Ateliers du Bocage from France, Haus des Stiftens gGmbH from Germany and SocialTechno Impresa Sociale srl from Italy highlights the key digital trends in adult education, as well as the most important areas of digital transformation. This document shows that capacities of European NGOs, particularly when it comes to digital competencies of the staff are not up to the requirements of a digitally transformed model of work. For example, according to the analysis of Italian nonprofits by Italian Statistic Institute (ISTAT) on December 31st, 2011, the number of active nonprofit organizations in Italy is 301.191, with over 4.7 million volunteers engaged, 681.000 full time employees, 271.000 external workers and 5.000 temporary employees. Several informal talks with TechSoup Italy confirmed that the lack of IT competencies and technical skills is one of the main inhibitors for digital transformation. This problem is particularly visible at smaller organizations, situated in rural areas and run by aging staff, having less skills and competences, including skills and competences related to the organization management, digital marketing, online education, online donations, social media management skills, etc. Furthermore, the same document highlights the research reports “IT-Report für Nonprofits 2015” and “IT-Report für die Sozialwirtschaft 2016”. The “IT-Report für Nonprofits 2015” provides a comprehensive overview as to how information technologies are used in the nonprofit sector in Germany and Austria. “IT-Report für die Sozialwirtschaft 2016” however focuses on nonprofit organizations in the social sector that use information technology as well as suppliers of software solutions for this sector. As a key finding, both reports state that the nonprofit sector in Germany uses technology actively. However, even if nonprofits do use IT actively – they do so within the limits of their financial and personnel possibilities. The median for IT expenses is 1,000 EUR per year. This corresponds to a median of 2.5 percent for annual IT expenses, as a share of the total cost for material and personnel, in Germany. Regarding the future investment into IT, small nonprofits in Germany hold back: if they invest, they do so by buying software and hardware (46% - 50%). Especially IT trainings and outsourcing services are almost not being considered at all. Also, only 10% of the nonprofits want to invest in IT personnel in the near future. Based on examples from Italy and Germany we can see how diverse nonprofits can be. We have the same situation when it comes to the digital maturity of nonprofits.



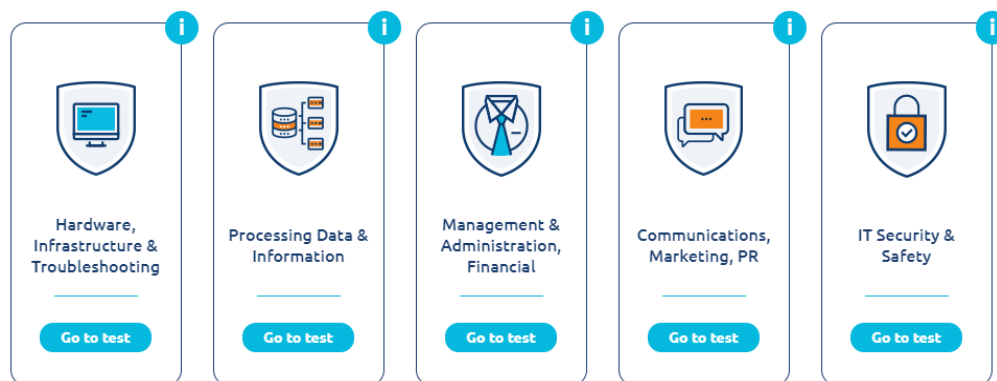
The Digital Maturity Model helps us identify the status of a nonprofit. The model itself defines three main stages: educate, adopt and manage, as seen in the graphic above. In the example of cloud-use, we can see that nonprofits identified as being in the educate stage are the organizations that are not using the cloud and/or have no sufficient information on what the cloud is, how can it be used, what benefits it will bring to the organization, etc. Nonprofits that are in the educate stage either have some knowledge about the existence and benefits of certain cloud solutions but have difficulties in taking the right steps to implement it, or use some cloud solutions, but need additional help in utilizing them strategically. Organizations in the manage stage are nonprofits that already use and implement cloud solutions. However, they need assistance in managing them and/or

support in future planning and innovation. Based on the digital maturity of a nonprofit, the approach and plans for digital transformation will be designed, by defining specific steps the organization needs to undertake in order to transform. With a good assessment of the needs, a tailored approach for any specific nonprofit can be developed and implemented.

8. Digital Assessment Process

As seen in the previous chapter, it is clear that nonprofits must develop a clear understanding of where they are today, where they need to go, and the next steps they need to take in their digital transformation. There are many available tools to support assessment of the digital competencies and needs in the world today. TechSoup has, together with partners Fondacija Mozaik from Bosnia and Herzegovina, Les Ateliers du Bocage from France, Haus des Stiftens gGmbH from Germany and SocialTechno Impresa Sociale srl from Italy, developed an online self-assessment portal through the project **ICT4NGO - ICT Competency Assessment Standard for European NGOs**.

You can start a new test for any category here.



Portal www.ict4ngo.org provides an online recommendation - and ICT mentoring-tool which diagnoses, gives feedback and guides the social sector activists through their digital skills development. It provides an explanation of various paths of digital skills development and assesses the current state of knowledge for the particular adult learner. In addition to diagnosis and recommendation, it will also consist of motivational functions and the possibility to track the development of the current situation. Importantly, the portal is not limited only to NGO staff but is **open for all kinds of adult learners who work or are stakeholders in the social sector** (including informal activists, local activists, local leaders, social educators, CSR officers and etc.). Taking into account the relatively low salaries of people engaged in the social sector, it is **based on open source and free-of-charge materials**, providing a virtual learning path and enabling each social sector stakeholders to improve her/his digital competencies using open source materials which are recommended according to their diagnosed skills. This user-friendly tool will benchmark your skills and offer access to personalized recommendations. It takes only 30 minutes to complete the assessment. There are five categories in which a person can assess competencies. It includes several sub-categories, offered in three different expertise levels to help adjust the questions – basic, intermediate and advanced:

Category	Sub-categories
Hardware, Infrastructure & Troubleshooting	<ul style="list-style-type: none"> ● Hardware ● Networks ● Infrastructure ● Peripherals ● Troubleshooting
Processing Data & Information	<ul style="list-style-type: none"> ● Business Intelligence ● Business & Marketing Automation ● Artificial Intelligence ● Web Analytics

Management & Administration, Financial	<ul style="list-style-type: none"> ● Management ● Finances ● Administration ● Development
Communications, Marketing, PR	<ul style="list-style-type: none"> ● Digital marketing ● Website administration ● Social media ● Internal communication ● Digital content
IT Security & Safety	<ul style="list-style-type: none"> ● Security ● Data Recovery ● Data Protection

Although revolutionary and exceptional, the ICT4NGO assessment tool is dedicated to individual adult learners, particularly the employees of nonprofit organizations. For digital transformation of the organization, a new release of the tool is required. The tool would assess capacities, competencies and needs on the organizational level. Today TechSoup is developing the next release of the ICT4NGO tool – a digital self-assessment tool that measures organizations’ technology capacities across 5 categories:

- Digital security
- Communications
- Data management
- Hardware and infrastructure
- Program management

The ICT4NGO Organization Assessment tool will help organizations develop a clear understanding of where they are today, where they need to go, and the next steps they need to take in their digital transformation. The tool will tie TechSoup’s Digital Transformation services together by helping NGOs identify those services most appropriate for their needs. Simultaneously, the information gathered through the tool will help TechSoup identify the appropriate resources, education, tools, and services for the organization based on their stage of development to ensure they are supported through their transition with what they need, when they need it.

The tool is customizable and modular to accommodate changes as needed, and translatable for scaling to other countries. Upon completion of the self-assessment, organizations will be presented with a dashboard to help them benchmark their own digital capacities and see how they compare to others.

These dashboards will include a bespoke digital transformation plan with recommendations for educational content like TechSoup Courses, person-to-person advisory services when appropriate, technology (software, hardware, and cloud services) within the TechSoup product catalogue, and other resources from the sector.

With additional development, the data generated by the tool can be harnessed to:

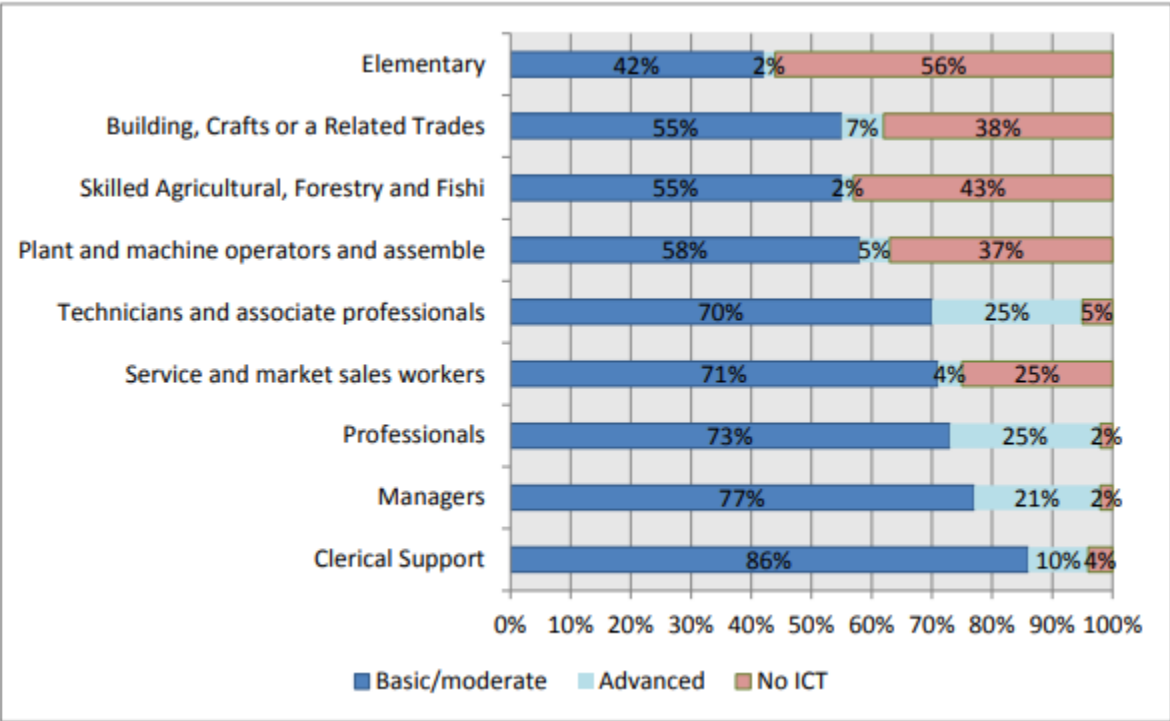
- generate reports tailored to different organizational stakeholders (i.e. reports specific to boards, executive directors, staff responsible for IT and individual staff members) in order to spur accountability;
- enable tools like chatbots to better answer organizations' questions as they explore and prepare for digital migration, and;
- generate insights into the current technology capacities of the sector.

Beyond the tool itself and the immediate benefits to the nonprofits who use it, the data generated will provide a unique and needed source of information about the current digital strengths, weaknesses, and needs among nonprofits. This data will be critical to target and guide investments in program- and content-development amongst foundations, corporations and governments interested in the digital health of the nonprofit sector.

9. Digital competencies

According to the EU's **The Digital Competence Framework for Citizens (DigComp)** in 2015, almost half (44.5%) of the EU population aged from 16 to 74 had insufficient digital skills to participate in society and economy. In the active labor force (employed and unemployed), this figure is more than a third (37%). These figures show low level of digital skills in Europe and need for education, especially when it comes to labor force.

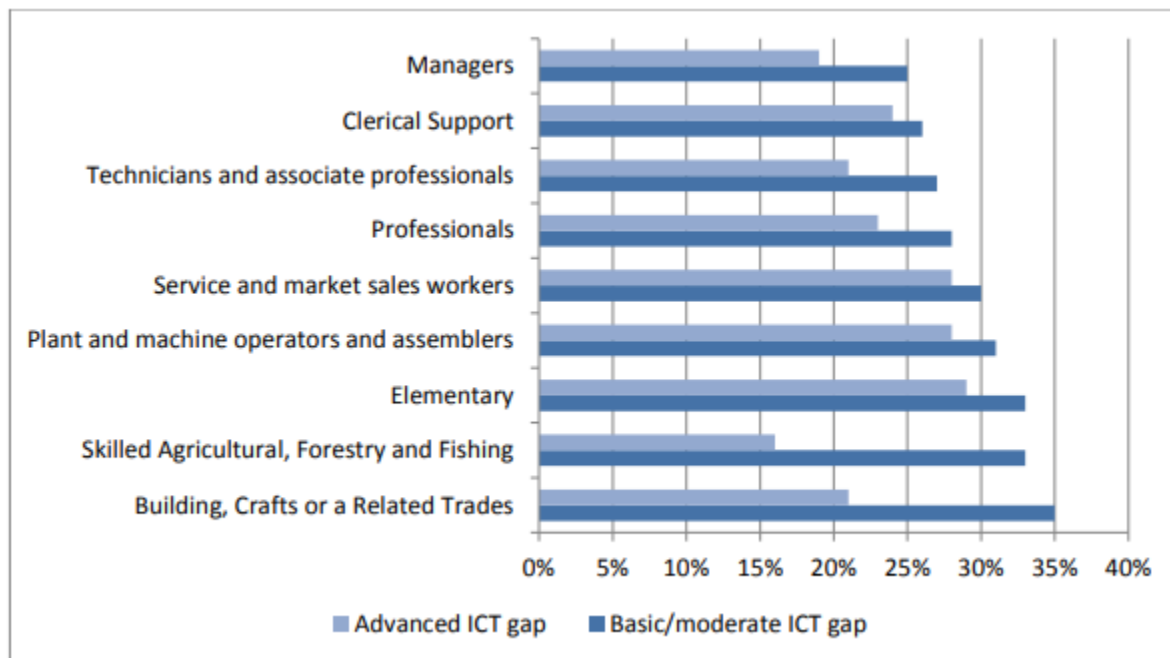
CEDEFOP's European skills and jobs (ESJ) survey reveals that more than 7 in 10 adult employees in the EU need at least some fundamental ICT level to be able to perform their jobs. The majority (52%) of adult EU employees stated that a moderate ICT level is required to carry out their job tasks and another 19% require a basic level. Together, more than seven in 10 (71%) EU employees need some fundamental level (i.e. basic or moderate) of digital skills to perform their jobs. About 14% need an advanced ICT level, in contrast to 14% who stated that they need no ICT skills at all in their jobs. Sweden, Denmark and Ireland are the EU countries in which more than 80% of their adult workforces need at least a fundamental level of ICT skills to do their jobs. Interesting figure in relation to the management of nonprofits can be seen in the chart below:



Although it does not focus on nonprofits, this chart of the level of ICT skills needed to do a job by occupation show that 98% of managers recognize the importance of ICT skills for performing their work. Moreover, 21% of them state that an advanced level of ICT skills is required. The same survey shows that when it comes to the sector of work, the requirement for ICT skills ranges between 67% in agriculture, forestry and fishing to 98% in ICT sector. Considering the variety of topics nonprofits cover, it is clear how important the level of ICT skills is. For example, in the education or health sectors, where we have a significant number of active nonprofits, 91% of assessed people state the need for ICT skills, out of which 9% recognize that an advanced level is required. In the professional, scientific or technical services sector, 96% of those assessed recognize the need for ICT skills, out of which 25% states the need for an advanced level.

Another interesting fact is related to earnings in correlation to ICT skills. The wage premium placed on advanced ICT skills rises to as much as 7-8% in the UK and Germany, while employees in jobs that do not need any ICT skills receive about 20% lower hourly wages in the Czech Republic.

The level of the need for additional education in relation to ICT skills can be seen from the Incidence of digital skill gap by level of digital skills needed by job and occupation - part of the same survey:



Question asked was: “How would you best describe your skills in relation to what is required to do your job? Please use a scale of 0 to 10 where 0 means your level of skill is a lot lower than required, 5 means your level of skill is matched to what is required and 10 means your level of skill is a lot higher than required.” There is no sector where people do not recognize gap between abilities and job requirements.

According to NetChange’s report “Digital Teams in 2018 – The new landscape of digital engagement”, when asked the question “Is digital represented at the senior-most management level of your org?” 42% of organizations answered that don’t have someone with digital experience at the senior-most level of management. This research included representatives of various nonprofits - 80 respondents from 4 countries, with respondents being 39% medium and large organizations, 40% small organizations and 16% very large organizations. The larger the organization, the less likely someone with digital experience is on the executive team. Contrary, among high performing group, a full 75% had digital represented directly on the senior management team. An additional question asked how management perceives digital’s strategic value, and 50% report they “miss major opportunities”. 9% have unrealistic expectations on the value of digital. Situation is not much better when it comes to the support of capacity-building of staff – 56% of respondents have an insufficient or non-existent budget for professional development. An additional question asked about coaching or other leadership development opportunities for digital directors. Only 37% of respondents have access to this support. Another third of the respondents report inconsistent opportunities, while the bottom third are left out of professional development entirely.

The business environment is rapidly changing and digital technology is one of the main drivers of this change. 50% of the 2006 Fortune 500 companies no longer exist. Competition is fierce, not only in business, but in the nonprofit sector as well. Organizations with senior management who are proficient in the use of digital technologies, are clearly outperforming organizations with less digitally capable

leaders. As idealware report Digital Skillsets: An Imperative for Today's Nonprofit Leaders from April 2019. emphasize:

- Technology is changing the way people do their work and the way nonprofits deliver services. In a tech-saturated world, smart technology decisions can make the difference between a nonprofit's success and failure.
- Nonprofit executives need digital skillsets that support hiring talent, making technology investments, using data to manage and evaluate programs, and innovating programs.
- Leaders can build their digital skillsets through training, conferences, peer learning, and mentoring. But they might encounter barriers such as shame, hierarchy, a tool-oriented mentality, and scarce resources. Curiosity and openness to change can help to overcome these barriers.

The constant and rapid change of technologies that influence the business environment of nonprofits requires constant and on-going education and extension of skills and knowledge. Forms of life-long learning can vary from formal education to different types of courses, webinars, on-line courses and other types of non-formal education. Understandably, due to their heavy workload, senior management of nonprofits will have difficulties finding available time-slots for building of capacities. However, we need to return to the fact that the digital era is demanding and evolving fast. Communication has changed, affected by new technologies and social media, the internet enabled creation of virtual offices and remote work, as well as instant availability of information. The cloud provides numerous solutions for business improvements, including access to shared documents any time from any place in the world by an entire team. The labor force has changed. Employees and volunteers of nonprofits who are more and more digital natives are skilled in the use of technologies. Leaders of nonprofits need to learn how to utilize and take advantage of these changes. A great deal of life-long learning is adapted to working people, taking into account time constraints, offering shorter blocks of education over certain period of time, online courses that offer an opportunity to create one's own pace of skill-building, regardless of the location of the learner, and courses are designed to take time in the afternoon or during the weekend. There are plenty of opportunities. It is the management's responsibility to use them and to respond to the needs of their organizations.

10. DigComp

Digital competence – or the confident and strategic use of ICT tools in areas of work, employability, education, leisure, inclusion and participation in society - is vital for participation in today's society and economy (European Parliament and the Council, 2006). Recognizing the need of having a common reference framework of what it means to be digitally savvy in an increasingly globalized and digital world, a tool to improve citizens' digital competence has been developed by the Joint Research Centre (JRC) of the European Commission. This tool is called The European Digital Competence Framework for Citizens¹, also known as DigComp. The Digital Competence Framework for Citizens was first published in 2013 by the European Commission and updated in 2016 with the version today known as DigComp 2.0.

DigComp 2.0 identifies the key components of digital competence in 5 areas which can be summarized as follows:

Information and data literacy:

To articulate information needs, to locate and retrieve digital data, information and content. To judge the relevance of the source and its content. To store, manage, and organize digital data, information and content.

Example of use:

- Browsing, searching and filtering data, information and digital content
 - To articulate information needs, to search for data, information and content in digital environments, to access them and to navigate between them. To create and update personal search strategies.
- Evaluating data, information and digital content
 - To analyze, compare and critically evaluate the credibility and reliability of sources of data, information and digital content. To analyze, interpret and critically evaluate the data, information and digital content.
- Managing data, information and digital content
 - To organize, store and retrieve data, information and content in digital environments. To organize and process them in a structured environment.

Communication and collaboration:

To interact, communicate and collaborate through digital technologies while being aware of cultural and generational diversity. To participate in society through public and private digital services and participatory citizenship. To manage one's digital identity and reputation.

Example of use:

- Interacting through digital technologies
 - To interact through a variety of digital technologies and to understand appropriate digital communication means for a given context.
- Sharing through digital technologies
 - To share data, information and digital content with others through appropriate digital technologies. To act as an intermediary, to know about referencing and attribution practices.
- Engaging in citizenship through digital technologies
 - To participate in society through the use of public and private digital services. To seek opportunities for self-empowerment and for participatory citizenship through appropriate digital technologies.
- Collaborating through digital technologies

- To use digital tools and technologies for collaborative processes, and for co-construction and co-creation of resources and knowledge.
- Netiquette
 - To be aware of behavioral norms and know-how while using digital technologies and interacting in digital environments. To adapt communication strategies to the specific audience and to be aware of cultural and generational diversity in digital environments.
- Managing digital identity
 - To create and manage one or multiple digital identities, to be able to protect one's own reputation, to deal with the data that one produces through several digital tools, environments and services.

Digital content creation:

To create and edit digital content. To improve and integrate information and content into an existing body of knowledge while understanding how copyright and licenses are to be applied. To know how to give understandable instructions to a computer system.

Example of use:

- Developing digital content
 - To create and edit digital content in different formats, to express oneself through digital means.
- Integrating and re-elaborating digital content
 - To modify, refine, improve and integrate information and content into an existing body of knowledge to create new, original and relevant content and knowledge.
- Copyright and licenses
 - To understand how copyright and licenses apply to data, information and digital content.
- Programming
 - To plan and develop a sequence of understandable instructions for a computing system to solve a given problem or perform a specific task.

Safety:

To protect devices, content, personal data and privacy in digital environments. To protect physical and psychological health, and to be aware of digital technologies for social well-being and social inclusion. To be aware of the environmental impact of digital technologies and their use.

Example of use:

- Protecting devices
 - To protect devices and digital content, and to understand risks and threats in digital environments. To know about safety and security measures and to have due regard to reliability and privacy.
- Protecting personal data and privacy

- To protect personal data and privacy in digital environments. To understand how to use and share personally identifiable information while being able to protect oneself and others from damages. To understand that digital services use a “Privacy policy” to inform how personal data is used.
- Protecting health and well-being
 - To be able to avoid health-risks and threats to physical and psychological well-being while using digital technologies. To be able to protect oneself and others from possible dangers in digital environments (e.g. cyber bullying). To be aware of digital technologies for social well-being and social inclusion.
- Protecting the environment
 - To be aware of the environmental impact of digital technologies and their use.

Problem solving:

To identify needs and problems, and to resolve conceptual problems and problem situations in digital environments. To use digital tools to innovate processes and products. To keep up-to-date with the digital evolution.

Example of use:

- Solving technical problems
 - To identify technical problems when operating devices and using digital environments, and to solve them (from trouble-shooting to solving more complex problems).
- Identifying needs and technological responses
 - To assess needs and to identify, evaluate, select and use digital tools and possible technological responses to solve them. To adjust and customize digital environments to personal needs (e.g. accessibility).
- Creatively using digital technologies
 - To use digital tools and technologies to create knowledge and to innovate processes and products. To engage individually and collectively in cognitive processing to understand and resolve conceptual problems and problem situations in digital environments.
- Identifying digital competence gaps
 - To understand where one’s own digital competence needs to be improved or updated. To be able to support others with their digital competence development. To seek opportunities for self-development and to keep up-to-date with the digital evolution.

Besides the ICT4NGO online tool developed by TechSoup, which helps individuals assess competencies in five different categories, a useful tool called “The Digital Competence Wheel” can be found at <https://digital-competence.eu/>, where a person can map his own competencies.

So what is the importance of the digital competencies for senior management of nonprofits previously described? As seen from above, digital competence is a combination of knowledge, skills and attitudes regarding the use of technology to perform tasks, solve problems, communicate, manage information,

collaborate, as well as to create and share content effectively, appropriately, securely, critically, creatively, independently and ethically.

If we take a look at the four main areas of digital competencies, communication, information, production and safety, while understanding the overlap of all five key competencies, it is obvious how important they are in the management of modern nonprofits.

If we take, for example, the category “problem solving” and just two components of this competence – “Creatively using digital technologies” and “Identifying digital competence gaps”, the need for a senior manager to have digital competencies is obvious. A manager is the one who should be able to recognize and make links between organizational processes and activities with digital solutions that will improve and enhance such processes. Whether we talk about organizational management, finances, communications, or any other aspect of organizational processes, a senior manager should have at least the basic knowledge and skills to know which are the appropriate services and solutions that best fit the requirements of the organization. At the same time, he or she should be able to identify where this organization is lagging and what should be introduced or improved in the organizational processes. Clearly, such competencies would be critical for leadership in the process of digital transformation of the organization.

11. Failures in the Digital Transformation Process

Digital transformation is not a simple process. Organizations that are undergoing digital transformation often face failure. According to [Forbes report](#) 84% of companies fail to achieve digital transformation. Such transformation is not a simple and trivial process. It requires changing both infrastructure and culture within an organization. Research recognizes resistance toward the digital transformation from senior management, as well as from frontline employees. The “Usual suspects” for failure are:

- Lack of senior management support
- Lack of consensus on what DT is
- Wait-and-see trap
- “What and how”
- Failure to align tech and talent needs
- Resistance to change

This list could be much longer. There are examples of similar lists with 12 or more reasons for failure identified. However, these can be identified as most relevant for the nonprofit sector. Brief explanations of every stated reason for failure are given below.

Lack of Senior Management Support

Lack of a clear transformation strategy was cited by 35 percent of executives as a key barrier to achieving its full digital potential, according to [Wipro Digital](#). And it is clear that the introduction of any change or any new strategy starts with the senior management. Without such support, any process, including the process of digital transformation is in imminent jeopardy of failure. Mostly, this lack of management

support is because of fear and lack of understanding what technology is and processes of digital transformation, as well as how to obtain necessary support before, during and after these processes.

Lack of consensus on what digital transformation means

Digital transformation as a concept has been present for some time now, but it is not widely promoted or understood, even less in the NGO sector. There is a great hype around it, and you can hear everyone referring to it. However, clarity on what digital transformation is still missing. As seen, often it is confused with a process of digitalization, for example. If senior management in one nonprofit doesn't have the same understanding of what digital transformation as someone from middle management, obviously there could be a problem. The same example is applicable to any level of the organization. It would lead us to a situation where everyone pulls the rope in his own direction, leading to failure.

Wait-and-see trap

One of the biggest issues related to digital transformation is procrastination. Let's wait and see what is happening out there, how others are coping with it, what will happen... Technologies change fast in the digital era. A digitally transformed organization has adopted today's digital solutions but is preparing itself for a new generation of technology. Organizations that are waiting are only increasing the gap between themselves and successful organizations, making digital transformation increasingly demanding with each day of delay.

What and how

Digital transformation is a complex process that requires significant skills, competencies and knowledge. It is no surprise that leaders can struggle to figure out what they need to change and how. This can cause poor decisions that may lead to the failure of the process.

Failure to align tech and talent needs

An organization might have gaps in the skills required for implementation of a digital transformation. Here we are talking both about human resources and technical resources. It is also important to understand what type of technical knowledge is required for certain processes, not all processes include programmers or high profile IT personnel. This can be a significant obstacle, especially when we consider smaller nonprofits with lack of finances to invest in digitalization.

Resistance to change

Change is always challenging process. Especially when it comes to the change that should reshape the organizational culture. Sometimes it is very difficult for people to accept the change and "let go". 43 percent of 4,500 CIOs surveyed for the 2017 Harvey Nash/KPMG CIO survey cited resistance to change as the top impediment to a successful digital strategy. Such resistance to change can easily end any attempt of transformation.

There could be a much longer list of reasons for failure of digital transformation. It can depend on the context of the location where the organization is situated, size of organization, etc. However, these are

some of the most common. To conclude on a positive note, every failure can have a remedy. And there is guidance available out there to navigate through these risks.

12. Motivating Staff

As described above, resistance to change is recognized as one of the greatest reasons for failure of digital transformation. So let's explore this obstacle in more detail and discuss approaches to solution – motivating staff.

Digital transformation is a process of changing the organizational culture. And it includes employees at all levels. Change often provokes rejection. People are not accustomed to it. Probably the most important aspect of the digital transformation process is related to the people in the organization. Employees are the ones to drive an organization's digital maturity. While the lack of buy-in from senior management was cited as the reason for the slow progression of digital transformation, it now seems to be the involvement of frontline staff that is causing obstacles. The Charity Digital Skills Report, a survey of the digital skills landscape across the third sector provides an annual barometer of the state of digital skills within the charity sector in the UK. When asked to identify the greatest barriers in getting the most from IT, 45% of assessed nonprofits stated organizational culture as one of the greatest obstacles and recognized the need to change it. As a matter of fact, this is the third largest obstacle identified through survey, right after finances and lack of skills.

According to John Wargin and Dirk Dobiety (2010), there are three reasons why people resist new technologies and new approaches to doing business:

- People resist change because they lack the skills/know-how to use and benefit from the new technologies.
- In traditional companies, people do not understand the 'big picture' and how the new technology would improve business and processes.
- Middle and upper managers resist changes from new technology and new business models as they redefine the organisational structures and shift power bases.

The study, commissioned by Microsoft, found that staff are concerned about the impact of automation on job security (59%), and expressed a fear of change when digital transformation initiatives are introduced (49%).

Tendayi Viki is Associate Partner at Strategyzer and Forbes contributor, author whose book *The Corporate Startup* was awarded the 2018 Management Book of the Year Award for Innovation and Entrepreneurship by the Chartered Management Institute. He recognized three main barriers to digital transformation. Inertia, doubt and cynicism. In plain words, it is fear of change, questioning the applicability of the change to their environment and using any failure or change of plan as a talking point to illustrate how they always knew that their company's leadership was incompetent.

How to motivate staff to be engaged in digital transformation?

The first important element would be communication. It is absolutely crucial to provide timely and relevant information about processes that are ahead. It is important to maintain constant communication, as often as possible instead of providing on large bulk of information at the beginning of the process and expect that you have covered it. Set up a two-way communication channel and nurture a culture of feedback. The frontline staff will be able to provide important insights in how the process is advancing and what might be the required change. Information that should be shared should include details on big the picture, how does this process contribute to the achievement of the organizational mission and goals, which digital solutions and products will be implemented and why. It is extremely important to communicate how it will affect each individual employee, which may mean tailoring the communication to different staff groups.

Communication should provide answers to questions like: “Will this technology make my job redundant?”, “What are the benefits of this technology?”, “What does this mean for me and my role?”, “How are things going to change?”, “What about required skills for work with this technology?”, etc. Most of these questions relate to employees of the nonprofits that are in the “Educate” or “Adopt” stages of digital maturity.

Another important step would be participation. Participation will lead to the development of the ownership over the process of digital transformation. It is important to design the process which will offer an opportunity for employees to contribute and feel like an important element in the transformation. Feedback sessions will contribute to it. A useful step is setting up clear goals that define what is expected of employees. Another element that would influence motivation of employees is related to skills and competencies. World Economic Forum estimates that 54 percent of today's workforce will need significant reskilling by 2022. Nonprofits are no exception. Employees might not have the required skills and knowledge required by the digital transformation of the organization. And we must accept it. However, there are numerous opportunities for upskilling of the workforce, many of them are based on free access, and nonprofits should adopt a culture of upskilling their employees. In this way, an organization demonstrates the value to its employees and is prepared to invest in their development. Furthermore, it will show that new technologies are not a threat to their jobs, but an opportunity. TechSoup has the educational platform with 125 trainings and courses that can be used for upskilling nonprofit employees.

A helpful strategy would be using statistical data which will show the benefits of Digital Transformation for an organization. As an example, we can use data on the increased number of beneficiaries: *Thailand's Social Innovation Foundation helps people with disabilities to find jobs. But for years it struggled to meet their targets as its staff grappled with the challenges of collating thousands of paper documents and ensuring piles of forms were filled out accurately. Now they have moved ahead with digital transformation. Using Dynamics 365, they aim to scale from completing a few hundred cases annually to more than 10,000 in the future.* An always interesting example is related to finances: *The Warsaw Rising Museum implemented a change in CRM implementation & server infrastructure – by using solutions provided by TechSoup they have saved 79.700 USD in implementing these solutions.* Statistics that can be presented

include data analytics that illustrate expected cost savings and increase of beneficiaries; A solid plan for measuring how the strategy impacts the work; Case studies of other nonprofits that have embraced digital transformation and what has happened to them as a result, etc.

In conclusion, once again it is important to point out the key role of communication in this process, since good and timely communication will eliminate fears and false perceptions that could accompany digital transformation.

13. Digital Competencies of Nonprofit Leaders

2016 [Global NGO Online Technology Report](#) confirms that the use of ICT is at the heart of nonprofits activities. 92% of NGOs worldwide have a website. 75% of organizations regularly send email updates to donors and supporters. 75% accept online donations. 95% of organizations have a Facebook Page. 32% of NGOs worldwide assign the responsibility of social media management to a communications staff person. 78% agree that social media is effective for online fundraising.

According to NetHope “DNS Assessment” white paper, human capacity is the single biggest barrier to nonprofit digital transformation. The challenge is not unique to the social sector: technology is changing the nature of work and life, necessitating new skills, in every sector. And like other sectors, many nonprofit staff are eager to embrace the opportunity and worried about what happens if they don’t. In the UK, 80% of charities surveyed in 2017 wanted their leadership team to provide a clear vision of their digital strategy, and what it could help them achieve. In that same report, 53% were worried that if they didn’t develop digitally, they would concede ground to competitors, lose touch with their audience, and their charity would become irrelevant.

Organizations led by leaders who understand technology have distinct advantages. Technology improves leaders’ abilities to make data-driven decisions and strategies, allows budget constrained nonprofits to do more with less by increasing efficiency, and helps organizations expand their reach and impact and better connect with tech-savvy constituents. A leader who understands what their tools can do and how to leverage them is a leader who can move an organization forward in an era of rapid change.

The importance of data-informed decision-making is irrefutable. A manager that understands the process of data collection and integration of collected data, together with a vision on what data to use in making decisions will be able to prioritize initiatives and manage activities in an optimal manner. Understanding technologies will enable manager in prioritizing risk issues. Especially ones related to security, privacy, continuity of operations, keeping records, etc. A person with developed digital skills will understand the importance of technology and relate to it as core in achievement of organizational mission, rather than seeing it as just a tool. They will understand how technology can be used to advance relationships with beneficiaries and donors. Digital knowledge can help a manager to position themselves as an innovator and leader, fundamentally changing the way programs are delivered, making them more cost-effective, easier to manage, and better at meeting the needs of the communities they serve. With the rapid

evolvement of digital technologies, leaders of nonprofits must constantly work on their own knowledge about technologies.