

**10**  
**THINGS**  
**EVERY**  
**BOARD MEMBER**  
**NEEDS**  
**TO KNOW**

# Finding The Opportunity In Economic Chaos

**SPECIAL EDITION**

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### ***Mission***

Our mission is to foster effective risk management practices and the overall development and advancement of nonprofits through unique, creative initiatives.

### ***Ten Things Series for Nonprofit Boards***

Welcome to this series of short briefing papers for nonprofit board members. Whether a seasoned leader or first-time trustee, there is a continual need to revisit the expectations and demands of the critical board member roles in steering, supporting and safeguarding nonprofit organizations. In this series, First Nonprofit Foundation has identified topics of particular interest to board members and will provide digests of time-tested wisdom, emerging thought, and the insights of highly experienced practitioners. We trust these papers will succeed in helping nonprofits to develop and advance. As always, we welcome your comments and suggestions.

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### ***In Crisis is Cleverness Born.***

Chinese Proverb

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No doubt about it, these are tough times for nonprofits:

- Nonprofit expert Paul Light, Paulette Goddard Professor of Public Service, Robert Wagner School of Public Service, New York University has estimated that more than 100,000 nonprofits will go out of business.
- Nonprofits funded by foundations whose investments turned sour have faced massive funding cuts overnight. Some funders have lost capital reserves in the markets. Others are shifting their resources to safety net services, which they see as higher priority.
- Nationally, state governments face a collective \$350 billion shortfall. Nonprofits with state contracts will face serious cuts.
- Demand is rising for nonprofits that provide safety net services (such as housing, homelessness, food, and job training).

The board's response to this crisis is the topic of this special edition of our Ten Things booklet series. Though the nonprofit sector has faced serious cuts in every recession, this one is likely to be longer, deeper, and have multiple shockwaves. Boards must be prepared for very difficult times.

But it is true that there is opportunity in every crisis. During this period, many nonprofits will develop new, more cost-effective ways of meeting their missions. Others will reach new scale through mergers or by absorbing clients and programs from less fortunate nonprofits. Others will refocus on the core of their mission and find new energy in the process.

The following ten steps will help you prepare to guide your nonprofit to the "other side" of this catastrophe:

- 1. Understand the External Environment***
- 2. Understand Your Internal Environment***
- 3. Determine If the Tough Times Are a Board Issue***
- 4. Support Your Executive Director***
- 5. Recruit New Board Talent***
- 6. Understand the Five Emergency Responses***
- 7. Understand the Three Cutback Strategies***
- 8. Understand the Four Program Strategies***
- 9. Prove Your Worth***
- 10. Find the Opportunity in Crisis***

Even if you think your nonprofit is recession-resistant, you must at least take on the first three of the "ten things" outlined in this booklet.



# 1.

## Understand The External Environment

First, get a handle on just what is going on outside the organization. You can collect this information via work by the board, through an ad hoc environmental scanning committee, and by requesting that the staff provide you with data. Do be sensitive to staff work load and consider setting a board task force to work on this, as your nonprofit is going to need you to dig in and help out.

The specifics are going to vary dramatically from one type of nonprofit and one nonprofit subsector and region to the next. But here are some of the sweeping trends already at work:

- **Less Money to Go Around.** The economy has contracted; there really is less money to go around. Unfortunately, the nonprofit economy relies on “surplus” money for much of its capital. The shortages will be felt from individual donors, from corporate foundations, from family foundations and large foundations, and from government contracts.
- **Shifts in Demand for Nonprofit Services.** Some nonprofits in health and human services will see increased demand. For example, food shelf and shelter service demand is already on the increase. Meanwhile, nonprofits that function in culture, arts, and education may see decreased demand as people spend limited funds on survival.
- **Increased Competition Among Nonprofits.** Less money combined with changing client demands means you will likely be competing with other nonprofits for funding dollars. If your nonprofit serves an area in which demand may decrease, you may also see increased competition for customers or clients.
- **Rapid Change in Health Care Funding Systems.** The writing is on the wall: something is going to change in our health care funding and provision. Just what will change is unknown yet...but if you work in this sector, you must be on top of the changes.
- **Sector-wide Shakeout.** All nonprofits should be making contingency plans for various funding scenarios. However, those that entered this crisis already in debt, short on cash or customers, with a failing business model, or without a diverse funding portfolio should include among their plans an investigation of the costs and process for shutting down. Some predict that 25 to 35 percent of nonprofits may go under before we are through this.

- **Back to the Basics.** Many nonprofits will find that the financial pressures provide an opportunity to shed mediocre services, management hobbies, or programs that represent mission drift.
- **Increase in Collaborations and Coalitions.** Collaborations and coalitions offer nonprofits ways to do more with less, to influence policy and regulation, and to meet their mission goals in new and innovative ways. Expect to see more opportunities in your community to participate in these.
- **Mergers and Shared “Back Office” Systems.** These types of changes have been increasing in the sector. Expect an uptick as cash-stressed organizations seek to gain scale via full mergers or shared infrastructure. Furthermore, funders will likely press nonprofits that they see as overlapping or redundant to merge, to reduce what they perceive as waste, and to reduce the administrative costs of providing funding.
- **PR and Reputation Building.** Savvy nonprofits will be competing with others by polishing their image and letting the public know that they are indispensable.
- **Opportunities to Expand.** As some nonprofits go out of business or cut programs, better-funded organizations will be in a position to acquire their programs, clients, or both.

Not all of these “macro” changes will happen in the subsector your nonprofit lives in. But some will. As you scan the environment, you should assess the following conditions:

- Projections for the regional economy in which you function.
- The current and future plans of your primary resource providers—foundations, major donors, small donors, government contracts, fee-paying customers, in-kind contributors of goods, and volunteers. Look to whether they expect more, the same, or decreased involvement with your organization.
- Conditions for those with whom you compete and collaborate, both nonprofit and for-profit organizations. Try to find out who is thriving and who anticipates trouble. Look for new allies.
- Potential changes in the regulatory environment you work in.

- Major changes among your primary service community (your clients).

To begin scanning, talk with all of your stakeholders and funders to find out what they are planning and how they see you. Contact your allies, other nonprofits (in or out of your circle), small businesses, local government agencies, and others to get a close-to-the ground sense of what others are seeing and planning for.

Whatever you do, don't put your head in the sand! While I was researching this booklet, several nonprofit executives interviewed said they were quite frustrated in their attempts to alert their boards that a tidal wave was coming—and that they needed the board's help in a variety of areas. Don't be that type of board. Get to work now to understand changes in your external environment.

## 2.

### Understand Your Internal Environment

Your internal environment is as important as your external one. The components include your mission's validity and delivery, your program theories, your financial condition, and the efficiency and effectiveness of your departments.

#### **Mission Validity and Delivery.**

You may feel compassionate about your mission. But does your community? The answer to this comes in a two-part assessment of mission validity and mission delivery.

**Mission Validity** refers to whether your community still has the gap, deficit, or other issue your organization seeks to resolve. If you have seen a decline in support, participation, or other indicators, you should explore whether your mission is still needed by your constituents. Information collected from your constituents as you assess your external environment will help you determine this. In some cases, a mission may need to be updated to keep up with current needs; in a few cases, nonprofits have actually either resolved the issue they seek to solve, or the community simply no longer sees the mission as a need. In these cases, it's time to look at closing the organization.

**Mission Delivery.** In many cases, a mission may still be valid but the methods used to deliver on the mission have aged or no longer fit your community. The board should ask the executive to assess the strengths and weaknesses among its programs. For example, many nonprofits lag far behind the curve in the use of technology to provide services.

#### **Program Theory.**

A program theory is very much like the if/then model of scientific inquiry you may have learned in high school science classes (if we do X, then Y will happen because...). Basically, a program theory is your explanation for how your activities deliver the change you aim to make in the world. Many funders now require a program theory, usually expressed in a diagram called a logic model. This model shows the activities you undertake, who receives your activities, and how they will behave differently (or what will change) in the short term, mid term, and long term. Nonprofits with many services or programs will

have a program theory for each service, and will also wrap those up into an umbrella theory that shows how the programs combine to deliver the change your mission calls for. An examination of your program theory (or theories) can help you better understand your internal environment. It also provides you with an objective way to figure out how to change your program to yield more or better results.

### **Financial Condition.**

Your executive and finance committee need to examine your current and short-term status and your long-term strengths and vulnerabilities.

**Current and Short-term Status.** Here, you should consider the following questions: What is our ability to pay bills and salaries? What is our cash flow status? How is our budget-to-actual performance at the organizational level? What is the status of our investments and are we investing wisely for the current market?

**Long-term Strengths and Vulnerabilities.** Ask, do we have a comfortable liquid operating reserve? How well are our core activities performing (mission activities/programs, administrative functions, fundraising, etc.)? What is our grant status and are we truly covering our costs? Is our portfolio of activities sustainable or will we need to consider changes? Is our portfolio of income streams stable, increasing, or declining? Is it sufficiently diverse that declines in some areas won't sink us?

### **Don't Assume the Worst!**

Don't assume your nonprofit is going to take a financial hit just because other nonprofits, your own business, or your personal finances are suffering in this recession. The author learned of several nonprofits that were doing well. In one tragic case, a board forced the executive to make major cuts even though the organization was in excellent financial condition, had major new contracts, and was set to grow. Remember, for some nonprofits (just as for some businesses), the recession is a perfect time to grow, make new acquisitions, take on clients that other nonprofits can no longer serve, or seize other opportunities. Study the balance sheet and projections closely, ask questions, and proceed with caution, but don't assume the worst.

**Efficiency and Effectiveness.** With a sense of your mission validity, your program theories, and your financial condition, you are in a place to examine the efficiency and effectiveness of each component of your nonprofit: governance (your board), staff, administrative functions, fundraising, marketing, and programs are standard components in most nonprofits. Weigh their costs against their mission impact or (in the case of support services) their contribution to the organization's sustainability. Study your fundraising efforts in terms of dollars raised to dollars spent.

Also weigh your internal assessment against the opinions of your external stakeholders when determining effectiveness. Remember that some programs may be less "effective" in a dollar/impact measurement, but may have strong reputational impact that ultimately contributes to your mission. For example, one nonprofit had a weekly column in the metropolitan newspaper. They spent far more money researching and writing the column than the honorarium the paper paid them, and were considering ending the column. However, they computed the cost of weekly advertising in the paper—and realized that they were getting a great bargain in reputation building while educating their public about a cause central to their mission. Though it may be more difficult for you to easily attach a monetary value to some of the reputational benefits of programs, don't neglect the consideration.

# 3.

## Determine If The Tough Times Are a Board Issue

For most nonprofits in this recession, the recession is a board issue. But to check in on this, you should combine your sense of the internal and external environment. Ask your executive for a quick analysis: will the organization need to make cuts in the budget, in programs, or in staffing? In most organizations, the executive should be free to make cuts without board input—up to a point. Some general guidelines for board involvement:

- When budget cuts are going to exceed 15 percent.
- When program changes will cut deeply into the organization's delivery of its mission impact.
- When changes will mean deep reductions in the numbers of clients served.
- When changes risk the organization's reputation.

There are no hard and fast rules here. The type of nonprofit, its budget size, its number of staff, its position and interconnectedness in the community, and the style of your board (hands-on vs. policy) all shape the board's approach. You may need to simply ask for more frequent updates on the organization's status, or you may roll up your sleeves and get busy on projects where the executive most needs you.

# 4.

## Support Your Executive Director

I interviewed a number of nonprofit executives while developing this booklet, asking, "What do you need most from your board?" Answers varied, but the most important answers were:

**Acknowledgment that the Problem is Real.** This point was made earlier: the board can't put its head in the sand. Among the saddest problems executives noted was the reluctance of their boards to admit that problems were waltzing down the sidewalk, knocking at the door, or worse, already in the house. Your duty of care demands that you attend to this issue now.

**The Board's Time and Resources.** For two decades, the "ideal" board model has been the policy governance model, in which the board sets broad policy and relies on the executive, its employee, to carry those policies out. Several executives and board consultants interviewed said they expected some policy boards were going to need to look a little more like hands-on boards. If yours has been a policy board, you may need to prepare to do some more hands-on effort, particularly in areas where you have added expertise and where the organization can save funds it might normally have spent on consultation. Be ready, if needed, to get to work.

**Access to Board Members' Networks.** Most board members have deep roots among one or more constituents important to the nonprofit they serve. Your executive will need you to dig into your contact file. You may be called on to do extra fundraising, to find volunteer expertise in areas the organization might normally hire out, to contact a policy maker, and to help with business contacts or corporate support.

**Unanimous Support for Tough Choices.** Your executive may be sending some very painful messages across the organization. Staff may be let go. Programs may be cut back or closed. Clients may go without help they desperately need. Your executive will need your support as he implements changes that protect the organization. Support means that once the board approves a decision, there's no second-guessing, no gossiping, and no passing the buck. The board needs to stand unanimously in support of the decisions it has authorized the executive to make.

**The Board's Objectivity and Optimism.** The executive in a nonprofit is in a very lonely spot, often needing to appear firm and decisive to

## 5. Recruit New Board Talent

staff, board, funders, and other constituents. She will hear the woeful stories and see the impacts of tough choices more directly than the board. She will need your objectivity about the choices made, about whatever situations she brings before the board, and about the reality that economic circumstances beyond her control sometimes leave only a choice of the lesser of two evils. She will also need your optimism about the future. Nonprofits have stood firm through many tough storms. Draw on your own strength to help her see that when the storm passes, the organization can flourish again.

**Decisiveness.** Options are going to come before the board. Executives will need your firm decision and direction as they set about implementing your new policies in response to the crisis.

**The Long-term View.** In very tough times, the executive of necessity must set his sights on resolving immediate problems—keeping the organization alive so it can succeed in the future. Remind him of the long-term view. Dust off the organization's vision statement and bring it up as needed in board meetings. Reframe needed changes as valuable retrenchments that prepare the organization for a better future: sometimes it's necessary to lose a battle on the way to winning the war.

**Creation of Clear Guidelines and Messages.** Your executive may need authority to act swiftly on opportunities or to make rapid cuts. Be sure your policies clarify the criteria for action. Be sure the executive committee or other on-call authority group of the board is always available for quick action.

The environment has changed. Your board may have had the perfect composition for yesterday's environment—but does it have what it needs now and for the future? Determine what types of talent you need and begin recruiting.

Executives and board members interviewed in preparation for this booklet told me they were seeking to recruit the following types of board members:

- People with legal experience, especially involving business mergers, formal alliances, program spinoffs, and infrastructure sharing agreements.
- Financial experts skilled at developing and analyzing business ratios, finding new efficiencies, and managing capital.
- Human resource specialists, knowledgeable about fair employee practices.
- Marketing and communications professionals with skills in risk and crisis communications and strategic message development.
- Experienced fundraisers, salespeople, or well-networked community members.
- Technology wizards, especially those with the knowledge and interest in helping imagine and create new, technology-based ways of service provision.

You may not need to add new board members. You can form ad hoc groups using volunteers who may commit for the duration of a project, or whom you may want to recruit later as a board member.

Most boards have a few members who have not been fully involved, have missed meetings, or simply can't give the time the organization now needs. Now is the time for a frank discussion, asking all board members to commit to more involvement or to step down. Revisit your bylaws regarding participation rules.

A note: Board training experts interviewed for this booklet said the surge of requests for new board volunteers with the skills listed above had already started. The sooner your organization begins recruiting, the better. You will be competing for the top volunteer talent in your region.

### **No D&O? Get It NOW!**

D&O insurance is Directors' and Officers' Liability insurance. This insurance protects the organization, its directors, officers, employees, and volunteers for "wrongful acts" in governing and managing the organization. At times of major change, your organization may be at increased risk for such claims. Be sure you have D&O insurance.

## 6.

### **Understand The Five Emergency Responses**

Martial arts, from kung fu to fencing, have traditional postures that prepare contestants for defense. Your nonprofit should be familiar with the following five standard nonprofit defenses against economic chaos.

- 1. Fight Fires First.** Your first move should be to put out any immediate fires before they spread. In this response, the executive identifies the most critical emergencies and acts immediately to resolve those. Once resolved, he takes a breath and prepares for contingencies.
- 2. Do It Now, Worry About It Later.** Fear of backlash can paralyze boards and executives. In a crisis, the longer you wait to act, the greater the damage associated with inaction. Executives and boards often intuitively know which programs and support services are absolutely core and which ones are less essential. It's better to make such changes quickly, preserving the core, then to wait and let associated expenses accumulate. True, hindsight may reveal that better options could have been developed if you had more information, were more creative, had only waited a week, etc., etc., etc. ...but hindsight always reveals better choices. Better that your board and organization live to regret an action than to wring your collective hands about every possible option and outcome while options dwindle to nothing—and your organization dies.
- 3. Keep Listening and Keep Talking.** People are social animals. In times of crisis, we need to be heard, and we need information and reassurance. The board and executive need to listen with many ears but speak with one voice. Increase your communications with all constituents. Ask what concerns them, what they are happy with, what they would do about the economic situation. Update them on new decisions, show them the successes you have continued to sustain, and tell them what your plans are (within reason). Use every tool you've got: e-mail, listservs, your website, Twitter, Facebook, YouTube, newsletters, mail, podcasts, webinars, conference calls, forums, focus groups, surveys. Keep your communications in a proportion of two-thirds listening to one-third speaking.
- 4. Stay limber.** The flexible fighter has two advantages: she can change tactics quickly and she can roll with punches. Your nonprofit needs to be the same. You will take surprising, demoralizing blows (three board members lose their jobs and resign from the

# 7.

## Understand The Three Cutback Strategies

board; a key funder announces it will no longer fund your area). You must take these punches, and then you must show your flexibility by quickly changing your tactics: you reconstitute the board, you switch to volume-based web donations, you create a grant writing committee and double your grant seeking.

**5. Be Ready with the Riposte.** In the Olympic sport of fencing, the riposte seamlessly joins a defensive move with a swift counterattack; success depends on it. Fencers spend years preparing ripostes for a variety of attacks. In nonprofit and business parlance, we call this practice scenario planning or contingency planning. Board, executive, and staff should be setting out a range of scenarios based on various budget reduction levels (for example, how will we handle a 20%, 35%, 50% reduction?) Immediately after exercising a defense such as fight fires first, you should move seamlessly into your riposte—which means you have to have contingency plans ready. Use the next two sections—Three Cutback Strategies and Four Program Strategies—to brainstorm creative counters to an economic punch.

In the mid-1990s, consultant Emil Angelica and I researched the way nonprofits were responding to a round of deep cuts prompted by changes in welfare legislation and the devolution of federal programs to state and local agencies. Through interviews and surveys, we collected more than 180 specific cutback strategies, which can be viewed online at [www.fieldstonealliance.org/client/articles/cutback\\_strategies.cfm](http://www.fieldstonealliance.org/client/articles/cutback_strategies.cfm).

We realized that all strategies could be organized into three basic types, and that once a person understood the types, she could create hundreds more options. The three categories of responses to economic cutbacks are *financial strategies*, *structural strategies*, and *engagement strategies*.

### Financial Strategies

are familiar to every household. These strategies are attempts to adjust the budget to fit new circumstances, and there are three ways to do this: cut expenses, increase revenues, or combine the two. Most nonprofits first react to cutbacks by cutting expenses, laying off staff, and reducing services, or they try to add income by raising new funds or increasing fees. Such strategies are often effective, but if the organization is already functioning on a tight budget, they may not be enough, and they may hurt constituents. For this reason, you should push your group to examine the structural and engagement strategies below with as much attention as you give financial strategies.

### Structural Strategies

involve changing the organization's internal structure, its mix of programs, and perhaps even its mission in ways that fit the new economic circumstances. These may feel dramatic and dangerous to the board and staff, yet they offer tremendous opportunity to refocus energy and enthusiasm, jettison mediocre programs, and find ways to use new technology to accomplish more with less. For example, a community center with a fitness room was faced with intense competition when two new for-profit gyms opened. Rather than try to compete directly, the board decided to focus on fitness access for aging adults. Once the program got rolling, they actually increased use, as they had found an untapped market not suited for the intensive workouts offered at other gyms. Eventually, they were able to reopen programs for youth and financially-stressed families, focusing on their less intense, fun approach to fitness.

# 8.

## Understand The Four Program Strategies

A community arts group with numerous programs faced increased facility expenses and the loss of major foundation support, requiring a 70 percent reduction. The organization looked at its many programs and put them into one of four groups: close, adopt, foster, or reinvest. If your organization has multiple programs, you will want to follow a similar analysis.

### Close

Some programs are near the end of their natural life, for a variety of reasons: the public has lost interest, the costs are too high, a new method of delivery has supplanted them, the staff has lost vigor, or the program has drifted away from the organization's mission. These programs should be closed quickly, saving money for other programs.

### Adopt

Some programs can be run just as well by another organization. These may be organizations that you have shared work with in the past, or perhaps even competed with. With this strategy, you move the program, its clients, and its staff to the new organization. It can be a painful transition for the organization and staff—but it helps ensure that clients continue to receive service and that the core of your organization survives.

### Foster

Fostering is similar to adopting, except that the program is “cared for” by another, better-off organization until your organization is ready to take it back. Programs in this category may be closer to your core, or may lack a truly suitable adoptive organization, or you may feel you can take them back quickly. Here, your organization, negotiates a time-limited foster “home” for the program, during which you rebuild the funding base so you can bring the program back.

### Reinvest

Some programs are so close to your core that without them, your organization has lost purpose and meaning. Keep these mission-hitters and reinvest in them. Funds and other resources saved through closing, adopting, or fostering can be shifted into these core programs.

Be sure to discuss these plans with funders, who may have made grants for specific programs. They need to know what you are doing and why—and they may even be able to help find new homes and provide bridge funds for you.

### Engagement Strategies

involve taking the organization's challenges and problems to the greater community—to the clients, patrons, business, religious, philanthropic, governmental, and other systems in which the nonprofit is embedded. For example, a sliding-fee daycare center could choose to convene its current customers, community centers, the mayor's office, other daycare providers, and other allied agencies to discuss how the loss of funding was going to make childcare unreachable for low-income parents. Suggestions from such a meeting might include that the organization close, seek referrals from city agencies, move its location to the community center, merge with the community center, or work out a joint venture with one or more of the competitors. In the best of situations, participants would emerge from such a meeting ready to help the daycare center, one way or another.

# 9.

## Prove Your Worth

As the environment grows more competitive, you will need to prove that your mission and your organization are worth funder investments, donations, and public support. While many people still give to nonprofits based on sentiment (the organization connects with them or makes them feel good), many funders and corporate givers, and some individual donors increasingly see grants as an investment which brings some sort of payoff—a social good that they want to make happen. If your organization doesn't deliver on that investment, they will either send their money elsewhere or simply shift program focus. So, you need to prove your worth. To do this:

**Gather Program Evaluation Data.** Your organization probably has done some sort of formal evaluation. If not, at a minimum you should collect information that shows the impact your programs have. Do not confuse the things you do—the programs you offer—with impact. Offering warm meals is an activity. Keeping people alive is an impact. Teaching 300 second grade children about playground safety is an activity. Reducing the number of playground accidents is an impact. Collect the data that shows the real improvements that happen as a result of the things you do.

**Tout Results, Not Programs.** Once you have the data that shows you are making an impact, promote the impacts you make. This has at least two benefits. First, it shows your existing community that you make a difference and should be supported. Second, it helps you find and capture funders who normally are outside of your realm. That playground safety program? Once it sells the result of reduced accidents, the audience of potential funders or purchasers broadens from PTAs to insurance groups, makers of playground equipment, and companies that distribute to schools. That meal service? When it sells the impact of ending hunger, it becomes of interest to housing groups, job force training, the mayor's office, and the food industry.

**Focus On Your Competitive Advantage.** Nonprofit researcher and consultant David La Piana describes nonprofit competitive advantage as “a nonprofit's ability to sustainably produce social value using a unique asset, outstanding execution, or both.”

**Asset Advantages** derive from things your organization “owns” that competitors do not. Assets might include better program design, special

attributes or knowledge like language skills or deep understanding of a specific culture, location or service distribution, diverse and strong funding base, reputation, information technology, partnerships, and networks of board and staff.

**Execution Advantages** derive from the way you act. They include things such as the ability to work at lower cost than others, better efficiency, faster delivery, better marketing, and better accountability.

Be sure you understand who you are competing with and what their asset and execution advantages are. Figure out your mix of advantages over your competitors and play to those strengths.

**Tell Your Story.** Knowledge of your data, impacts, and unique advantages is just the start. You need to tell your story loud, often, and creatively, to everyone that matters and in the words that matter to them. This includes your funders, your donors, your clients, your staff, the legislators and government agency staff that regulate you or whom you serve, and the community which your organization is a part of. Craft a set of strategic messages that communicate your unique impacts in ways that each of these audiences can understand. Give them a reason to act and a way to act (attend a program, donate money, change a policy, volunteer—whatever you need), and always do so in a way that reinforces your organization's unique value to the community. Just as certain financial groups have been deemed “too big to fail,” show that your nonprofit is “too worthy to fail.”

# 10.

## Find The Opportunity In Crisis

One of the executives I interviewed for this booklet had cut staff from twelve to two. And yet, she said to me, “The fact is I find new opportunities everyday. The cuts were painful, but we found good homes for staff and programs. We are rebuilding and every day is exciting!”

There are many opportunities in this current crisis. For simplicity, here are four basic categories of opportunity facing nonprofits: *get back to the basics*, *clean house*, *redesign and restructure*, and *catapult to the future*. Use these to organize your vision as you seek opportunities.

**Get Back to the Basics.** If your organization has been around for some time, it likely has suffered from “mission drift”—the gradual and inevitable shift of energies away from the founding vision and toward “good ideas” of various staff or funders (sometimes called “management hobbies”). Here, the opportunity is to revisit your mission and cull back to those activities that most serve the mission.

**Clean House.** The crisis is an opportunity for you to clear away what is no longer essential—and as with a good housecleaning, you should look everywhere. Standing meetings, tired traditions, unproductive collaborations, newsletters that could go online or be jettisoned, mediocre or listless programs, unproductive staff, volunteers, and yes, board members—these should all be looked at in terms of the benefit they provide relative to the resources they consume. Gently, respectfully, and quickly sweep away those items that are not contributing.

**Redesign and Restructure.** Crisis provides an opportunity to dramatically change the way you do things, from top to bottom. You may find that you can merge entire departments or change practices that need to be more efficient. Charge staff with finding ways to deliver the same or better impacts using new approaches—whether their impacts are internal (that is, they provide support services) or external (they serve clients and the community). Charge the executive with finding ways to restructure the organization to accomplish the mission with fewer resources. Then help—by serving on restructuring committees and opening up your networks and your pocketbooks to get the resources necessary to make change happen. Finally, if your organization entered the recession with good cash reserves, this may be your time to expand by absorbing programs, clients, or entire agencies that are no longer self-sustaining.

**Catapult to the Future.** Finally, crisis provides an opportunity to pull back from everything you’ve been doing and focus on the vision your organization exists to realize without regard for the ways you’ve always done things. If you had a blank slate, what would you do? Could you realize your vision by ending your current program delivery method and working to change the regulations that shape your field? Could you use information technology to deliver services to masses of people when you currently only provide labor-intensive personal contact to a few? Could you focus on curing the problem at its source rather than offering programs that only treat symptoms? Even if the exercise does not yield an entirely new form for your organization, it can spark ideas for ways to dramatically improve what you already are doing. And you may surprise yourself by catapulting over the current crisis to do business in a whole new way.

And there you have it...as the Chinese proverb says,

***“In Crisis is Cleverness Born.”***

These are hard times—but with energy, enthusiasm, and creativity, they are also times of astounding opportunity.

## Resources & Bibliography

### Books to See You Through the Crisis

***Coping with Cutbacks, Second Edition.*** Emil Angelica and Vincent Hyman, 2009, Fieldstone Alliance, Inc. This book explains a process for dealing with organizational cutbacks and lists 183 cutback strategies.

***Financial Leadership for Nonprofit Executives.*** Jeanne Bell Peters and Elizabeth Schaffer, 2005, Fieldstone Alliance, Inc. This book explains how to understand and manage a nonprofit's finances.

***The Manager's Guide to Program Evaluation.*** Paul W. Mattessich, Ph.D., 2003, Fieldstone Alliance, Inc. This book explains what evaluation is, how to develop a logic model, and how to plan and contract for evaluation.

***Message Matters: Succeeding at the Crossroads of Mission and Market.*** Rebecca K. Leet, 2007, Fieldstone Alliance, Inc. This book explains how to craft strategic messages that motivate people to act.

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### Endnotes

<sup>1</sup> "Is the Economic Mess Going to Kill 100,000 Non-Profits?" Eyal Press, The Nation.

<sup>2</sup> Financial Leadership for Nonprofit Executives, Jeanne Bell Peters and Elizabeth Schaffer, pp 37-55.

<sup>3</sup> The Manager's Guide to Program Evaluation by Paul Mattessich explains how to create a logic model.

<sup>4</sup> Coping with Cutbacks by Emil Angelica and Vincent Hyman, revised 2009.

<sup>5</sup> The Nonprofit Strategy Revolution, David La Piana, pg 54-58.-5

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### ***About the Author***

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After leading the development of the nonprofit publishing center at Amherst H. Wilder Foundation and the publishing program of Fieldstone Alliance, Inc., he founded Vincent

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