



Today's challenges, Tomorrow's Strength Nonprofits can Avoid Pitfalls – and Even Grow – in Tough Times

By Ted Grossnickle and Derrick Feldmann

Everyone can agree: The economy is bad with no relief in sight. From slow retail sales to stock market declines, it's a scary time – not only for individuals, but also for nonprofit organizations.

All around the country, nonprofits are asking the same questions: Will donors give less? Will some donors suspend giving all together?

Certainly, those are reasonable questions. But the more pressing question nonprofits should be asking is this: "How will we respond to this economy?" Because the way an organization responds will have a much greater impact on its stability than the mindset of its donors.

First and foremost, nonprofits must defend against crisis-related paralysis by avoiding the following pitfalls:

- **Blame**: Assigning blame for any problem that arises – financial or otherwise – on the economy rather than focusing on root causes.
- **Status Quo**: Seeking to "ride out" the problems, choosing not to launch anything new or exciting until things gets better.
- **Rash Decisions**: Making emotional judgments regarding fundraising, programs and cost cutting.
- **Lost direction**: Halting strategic plan execution or change plans without solid rationale.
- **Donor abandonment**: Stopping the practices of stewarding, cultivating and soliciting donors, assuming they should leave them alone in difficult times. This can be the worst mistake.
- **Communicate Less**: Organizations communicate less with constituents, donors and the public out of fear of "bothering" them.

To combat these reactions, leaders must do just that – lead. Lead and be proactive with fundraising strategies and nonprofit management techniques to maintain stability.

How can this be done in times like this? By following a few simple actions that can help your organization withstand the economic uncertainty and, perhaps, even allow you to grow.



Perform a financial review: Assess what is truly important. Assemble your best fiscal experts from your volunteer base, not solely to cut expenses (although that might be a part of it), but to test your fundamental business model. Confirm your pricing, and make sure everyone on your staff is contributing to the bottom line. Defend against panic and emotion by getting real information and making data-based decisions.

Be proactive: Address constituents' fears about the economy directly and openly. Say, "Here is how we plan to address this crisis." Don't wait to be affected; look ahead and anticipate what you can do to be stronger and more efficient. Some donors might even make a gift to help you strengthen the organization. Use the inevitability of change to drive change that you probably already suspect is needed.

Refine your message: Now more than ever, you must make sure the community, donors and prospective donors understand the role you play in the community. Refine your message. Be specific. Clearly articulate your value to the community. Ask yourself, "What fundamental message must our constituents and donors remember about us?"

Cultivate: Bring potential supporters into your organization's circle. Focus on the one resource they can afford to give: time. Provide opportunities for constituents to see the work you do and meet the people involved so you can build relationships that yield long-term support.

Communicate: Tell people about your changes or adjustments and they'll be much more likely to get involved or make a gift. Get the story out, and show that you're being pro-active.

Keep fundraising: Visit your donors. Then, visit them again. In fact, you might want to see them more often during times like these. Other organizations might be making the worst mistake of all – cutting off contact. Step into the void and you can build a stronger relationship with donors and friends. Cultivate even if you don't think you should solicit. Experience tells us people might give less, or they might defer a decision, but they will give.

Find answers: If you see decreases in program participation or fees for services, don't automatically shrug it off as a product of the economy. Sure, it might be a factor, but analyze the problem and see what is happening and how long it's been happening. You might discover challenges that help you redefine your services and programs.



Partner: Consider partnership opportunities with nonprofit organizations that perform similar services. This might provide new ways to save costs and an opportunity to show the community how collaborative you are. Remember to partner for mutual benefit, defining the benefits you wish to obtain first, and then partnering ... not the other way around.

Define a work plan: Make sure the organization has a clear plan of work for the next six to 12 months – in other words, a strategic plan. If not, then develop one that helps the organization stay on track to meet objectives defined by the board.

Executing on these strategies will define your success during these times and beyond by protecting you from falling victim to the crisis. Be proactive. Get out in the community. Connect with donors and, most importantly, be positive. Maintain and communicate your belief that your organization continues to do incredible work in the community. The economy shouldn't diminish your faith in that.

An old saying counsels that you decide what your attitude is going to be in life. You can choose to be happy or sad, productive or non-productive. The same applies to organizations. Your demeanor or attitude about these tough times will be observed by many and adopted.

So, why not make the best of these times? Look beyond simple survival. Choose to stay strong and grow stronger. You might just be amazed by the opportunities that approach delivers to your organization.

Grossnickle is chairman and Feldmann is CEO of Achieve, an Indianapolis-based consulting firm for nonprofits.