

*“The real question is survival or extinction.”*

*“We are mired in complexity and uncertainty.”*

*“We recognize that there are challenges, but no decisions are being made.”*

*“I have staff who are becoming part of the client base that they are serving.”*

*“Is this the end of the golf outing as we know it?”*

## ***Executive Summary Report***

*“Now What?”*

**A Nonprofit Community Dialogue in Response to the Economic Crisis”**

**January 21, 27 and February 2, 2009**



**Long Island Center *for*  
Nonprofit Leadership**

**at ADELPHI UNIVERSITY**

*“Should we be bold or should we be cautious?”*

*“We were already spread too thin, now we are spread even thinner.”*

*“Do we circle the wagons or keep growing our services?”*

*“This crisis is forcing us to come together,  
but we have worked so hard to brand ourselves and we don’t want to lose our identity.”*



# Long Island Center *for* Nonprofit Leadership

at ADELPHI UNIVERSITY

## Executive Summary – Nonprofit Crisis Community Forums

On January 21, 27, and February 2, 2009, more than 200 nonprofit leaders participated in the community forums, “Now What? A Nonprofit Community Dialogue in Response to the Economic Crisis,” hosted and facilitated by the Long Island Center for Nonprofit Leadership (LICNL) in partnership with a committee of Long Island corporate and private foundations.<sup>1</sup> The forums were held across Long Island: January 21<sup>st</sup> – Riverhead Free Public Library; January 27<sup>th</sup> – Long Island Community Foundation; February 2<sup>nd</sup> – Citibank Conference Center in Uniondale. Each forum was filled to capacity and had a waiting list. Representing a cross section of types and sizes of nonprofit organizations, participants included executive directors, board members, corporate and private funders, consultants, and program staff.

The forums were structured to achieve three general purposes:

1. convene the nonprofit community, recognizing that both nonprofit organizations and private and corporate funders have been affected by the economic crisis;
2. share experiences and articulate priorities;
3. begin to generate creative ideas and ways to work together.

### **Process:**

The forums were facilitated by Ann Marie Thigpen, Director, and Peter Chernack, Faculty Director of the LICNL. Participants in all three forums were asked to respond to the following five questions:

1. What are the difficult decisions that you are facing?
2. Who is involved in those discussions?
3. Who and how have you asked for help?
4. Have you considered strategic alliances?
5. Other than a pot of money, what else might help or ease the work for you right now?

After an introduction, participants were separated into smaller groups. In Riverhead, the first forum, groups were randomly assigned; in the second and third forums, groups were assigned on the basis of organizational budget size. Volunteers were assigned to each breakout group<sup>2</sup> to

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<sup>1</sup> Bank of America, Bethpage Federal Credit Union, Citibank, the Hagedorn Foundation, JPMorgan Chase Foundation, the Long Island Fund for Women and Girls, Long Island Community Foundation, Rauch Foundation, Roslyn Savings Foundation, and Sandy River Charitable Foundation.

<sup>2</sup> We would like to thank the following volunteer facilitators: Sherry Thomas, Nate Berry, and Mike Stoltz (Riverhead); Angela Zimmerman and Steve Greenfield (LICF); Marnie Katzman and Sherry Radowitz (Uniondale).

record and facilitate discussion. The groups met for approximately 75 minutes followed by a reconvening and reporting back to the whole group.

### **Facilitator Observations:**

- people were worried, and the depth of their concern seemed to increase over the course of the forums (it is not clear whether this was related to the different participants or unfolding information about the scope of the crisis)
- people were understandably preoccupied by the loss of funding; they were not, by and large, focused on communications, marketing, or messaging as an area of need
- people seemed most worried about cutbacks and staff
- the majority of the attendees were from small to mid-size nonprofit organizations
- mid to small size organizations appeared more amenable to considering strategic alliances than larger groups
- health and human service agencies seemed less enthusiastic than other nonprofit organizations to consider strategic alliances
- larger organizations viewed strategic alliances as mergers, which appeared to mean acquisitions, where smaller organizations viewed partnerships on more of a continuum
- there was a real appreciation for coming together and people called for more opportunities to support one another
- while some spoke to the need to develop advocacy groups to fight budget cuts, existing initiatives or coalitions are already in place where advocacy is or could occur: child care coalitions; “One Voice” campaign; Health and Welfare Council, Suffolk Community Council, and other community councils; Every Child Matters; Cultural Blueprint (LICF)
- most recognized the need for and value of capacity building; however, there is a declining investment in this area at this time.

### **Summary of Participant Responses:**

#### **1. What are the difficult decisions that you are facing?**

The responses to the first question fell into the following categories: funding, finances, fundraising, programs and services, advocacy, boards of directors, strategic alliances, staff, volunteers, and planning.

#### **Funding**

- Dependency on a single revenue stream
- Uncertainty about government funding cuts (what will be cut, how much, and when)
- Restricted funding
- Reduced individual and foundation giving
- Building a case for “non-survival” organizations

#### **Finances**

- Meeting payroll
- Managing cash flow (lenders calling in loans, reduced lines of credit, increased burden to prove credit worthiness)
- Educating board and staff about financial realities
- Managing endowment and reserves

#### Programs and Services

- Identifying program priorities
- Maintaining quality and scope of services
- Responding to sudden cuts in middle of program
- Responding to increased need (driven by the economic impact on clients/customers)

#### Advocacy

- Mobilizing against government cuts
- Engaging community in advocacy efforts
- Building coalitions

#### Boards of Directors

- Micromanaging
- Tuning out
- Refusing to fundraise
- Refusing to spend
- Focusing on finances, at the exclusion of everything else

#### Strategic Alliances

- Acknowledging their importance, but without time or money to explore
- Dealing with one partner having more challenges than the other
- Recognizing need, but don't know how to proceed

#### Staff

- Dealing with low morale and high anxiety
- Facing financial reality
- Prioritizing increased administrative burden
- Managing time
- Deciding about fair staffing levels and possible layoffs

#### Volunteers

- Finding them
- Training them
- Using them
- Managing them

#### Planning

- Knowing that we need it, but not having the time or money to do it.
- Figuring out what's important
- Reacting to crisis rather than being strategic

## **2. Who is involved in those discussions?**

## **3. Who and how have you asked for help?**

Questions 2 and 3 became merged in the discussion. Most organizations have engaged in discussions with their board and senior staff, but few have ventured beyond. Participants were active in identifying and describing who they should or could be talking with about responding to the economic crisis.

*Are talking with...*

- Boards of Directors
- Senior Staff

*Should be talking with...*

- All levels of staff
- Stakeholders, e.g. funders, volunteers, donors, community members, community leaders, clients/customers
- Bankers and/or credit unions
- Vendors
- Legislators/politicians
- Other nonprofit organizations

#### **4. Have you considered strategic alliances?**

This question elicited lively discussion about strategic alliances. Participants identified specific examples: the co-location of the Nassau County Coalition Against Domestic Violence and the Coalition Against Child Abuse and Neglect; mergers involving Family and Children’s Association; the merger of the Long Island Fund for Woman and Girls with Woman on the Job; Cinema Arts Center in Huntington with human service organizations; the Huntington Community Council, an alliance of community nonprofit organizations. Issues related to developing and sustaining alliances included:

- Reluctance to engage in alliances, specifically because of issues of fairness, information sharing, loss of identity, and trust
- Uncertainty about process
- Inability to identify potential collaborators
- Typical (safe) partners – schools, libraries, faith-based organizations
- Value of alliances identified, e.g. purchasing efficiencies, shared back-office
- Attractiveness to funders
- Private sector partnership to secure needed resources (low-bono)

#### **5. Other than a pot of money, what else might help or ease the work for you right now?**

This proved to be a difficult question to answer. Participant responses included:

- Talking/network with peers
- Talking/networking with funders
- Permission to do less
- Identify entrepreneurial ventures
- A “Craig’s list” for nonprofits online for resources and services
- Technical support to help build “recession proof” organizations
- Programs for Board members to make them efficient and effective
- Help developing volunteers, identifying, training and managing
- Access to board training through nontraditional delivery
- Training board members to ask for money
- Develop networking opportunities for strategic alliances
- Convene community meetings with nonprofits
- Reduce reporting requirements from government and funders
- Marketing assistance

- Web archived video
- Training on how to work with staff
- Forum for specific topics
- Strategic planning and training and clearinghouse for strategic alliances

## **Recommendations and Next Steps:**

The scope and intensity of need at the program and service level is greater than the capability of the philanthropic community. Faced with tough decisions about how to use limited resources, funders may better serve nonprofit organizations by supporting their organizational capacity, providing investment that benefits both the short term and meaningfully contributes to long term sustainability.

Based on findings from the forums and perspectives gleaned from ongoing conversations with individuals from the nonprofit community, seven capacity building areas of need emerged: (1) strategic alliances; (2) boards of directors (3) planning – strategic and financial; (4) human resources/staff issues; (5) volunteer identification, training, and management; (6) communications and marketing; and (7) community building.

### **Strategic Alliances**

Many believe that the potential benefit and opportunity of strategic alliances among Long Island nonprofit organizations has been under-realized. The advent of the economic crisis, however, has not only made alliances palatable, it has almost made them an economic imperative.

Forum participants acknowledged the potential value of strategic partnerships, collaborations, and alliances. When participants understood that a strategic alliance did not necessarily mean merger, absorption by a large agency, or a one-sided relationship, they became interested and enthusiastic in learning about how to develop successful and fair partnerships.

Nonprofit organizations need to know where to find partners, what to do once they have found them, how to make the alliance equitable, and how to make certain that the partnership advances needs of constituents.

### ***How do you educate and engage organizations in positive and productive strategic alliances?***

- Education on strategic alliances
- Funding pool for collaborations
- A “Collaboration Prize”

### **Boards of Directors**

Many forum participants identified their boards as, “immobilized.” They described board member reluctance to spend money anywhere other than on programs and services. Some board members refuse to participate in “individual asks” and others have stopped spending money on marketing. Boards were characterized as behaving in one of two extremes – “micro managing” or “hands-off.” The organizations that seemed to be navigating this phase of the crisis well were those with higher functioning boards. Several of these boards noted that they have responded to the economic crisis with training on fundraising, governance, and financial planning which has informed their ability to respond to the economic crisis and support the executive during this time. Others have clearly failed to do so.

Based on our observations, discussions, and experience, boards need to address three key areas: clarity around overall roles and responsibilities; the board's role in fund raising; and the boards ability to understand and respond to complex financial issues. Most board training is customized for individual boards and delivered onsite, typically at board meetings or in retreat settings. While this model is effective, it is also expensive and its impact is limited to a single organization.

***How do you help boards deal with the enormous challenges they are facing now, in a cost effective way?***

- In-person delivery for multiple boards, based on their geography, mission, or budget size
- Remote delivery to a wide audience of boards through a webinar with a working title of, "What your board should do during an economic recession?"

**Planning – Strategic and Financial**

Forum participants identified the critical need to engage in planning, both strategic and financial, but again expressed frustration over increasing resistance from their boards to divert resources away from programs and services. Center clients have expressed similar concerns and several have deferred their strategic planning to focus instead on resource development. They, too, expressed anxiety about moving forward without a plan to guide decision-making at this critical time.

***How do organizations plan, strategically and financially, without spending a lot of money?***

- Self-led strategic and financial planning that maximizes nonprofit board and staff involvement and minimizes personal consultant time

**Human Resources/Staff Issues**

Second only to "cutbacks," forum participants were most concerned with staff morale and anxiety. Time management was also an area of concern. Nonprofit executives need guidance about staffing models and options to inform personnel decisions. They also need help with managing staff anxiety, motivation, and morale and in dealing with time management when staff are being asked to take on additional responsibilities without compensation.

***How can nonprofit organizations deal effectively with complex staff issues and increase their knowledge of best practices and innovations in human resources?***

- Provide educational workshop for executives on human resource challenges in economic recession
- Research and disseminate information on best HR practices through a bi-weekly, web-based series distributed through online news blast and hosted on industry websites (e.g. LI Center, United Way, Suffolk Community Council, Health and Welfare Council, etc.).

**Volunteer Identification, Training, and Management**

As noted in the *New York Times* article, "Can Volunteers be a Lifeline for Nonprofits" (1/25/09), a cadre of potential volunteers is available due to the economic recession. Forum participants also speculated about potential volunteers, but recognized the challenge of identifying, training, and managing this valuable resource.

***How can nonprofit organizations capitalize on this potentially expanded pool of volunteers?***

- Promote collaboration among existing groups that work with volunteers. These groups need to coordinate their services and market effectively to Long Island nonprofit organizations
- Establish mechanisms to recruit, train, and place volunteers
- Provide resources to nonprofit organizations on training and managing volunteers

**Communications and Marketing**

Forum participants were not primarily focused on the importance on communications and marketing. However, it is more important now than ever before for nonprofits to make their organizational case. They must distinguish why anyone should invest limited resources in their organization over another. Once they have formulated their case, they must communicate it efficiently and effectively, utilizing a variety of methods and venues.

***Who is going to devote resources to communications and marketing when other things seem to be of such higher priority?***

- Educate the nonprofit community about the importance of marketing during tough times
- Provide a cutting edge workshop about how to create a compelling case
- Provide technical assistance to nonprofit organizations on strategic marketing

**Community Building**

Forum participants consistently identified the importance of “coming together” to discuss critical issues effecting the nonprofit community. Such opportunities serve to break through the isolation experienced by nonprofit leaders and offer a context for peer support and development, especially during this time of crisis.

***How to convene the Long Island nonprofit organizations regularly and meaningfully?***

- Nonprofit pro bono “Consulting Day” for organizations with small budgets
- Issues forums for executive directors
- “Meet the Funders” as peers in the nonprofit sector
- The Long Island Center for Nonprofit Leadership’s *Summit 2009*, to be held at Adelphi University on June 3, 2009
- ListServe that will engage in ongoing discussion and provide resources around the current crisis