

LEADERSHIP DISCUSSIONS

Context

CEO and Board participants of the Summit for Nonprofit Leaders attended separate leadership discussions, facilitated by nonprofit colleagues and regional funders. The purpose of these discussions was to identify urgent organizational needs, effective strategies, and opportunities to provide support and collaboration both internally and sector wide.

Common Themes

In both the board and executive discussions, several trends emerged. The need for collaboration, collective buying power, reduced operating costs, technology, and strengthened business infrastructure was apparent, as were the common needs for volunteers and staff development. For most organizations, it has been hard to have staff spread over so many business functions, and boards struggle to play targeted and strategic roles as governors. Organizations would also like to have increased dialogue with funders, and they are looking to make longer-term plans now that 2009 is behind them.

The report that follows details the highlights of the separate discussions.

CEOs/EDs

What were the most urgent needs facing your organization this past year?

As funds and resources were identified by the larger groups as the biggest need, the moderators asked more specifically what had been an issue. There was a general trend of donors, particularly funders, expecting nonprofits to do more with less. Many organizations had to cut or restructure programs, and reevaluate their use of resources to provide the most value. Budget issues seemed to be more prevalent than cash flow issues.

Finding sustainable funding to cover operating costs was a major concern of executives, as was getting long-term funding with a view to future capacity and efforts, difficult as that may be in the current times. One organization noted a decrease in the amounts contributed rather than in contributors—for them, it became a question of where to invest their resources in getting funds. Another organization noted that while the initial response from grant funders has seemed positive, their rates of return had decreased. They said their grant return rate used to be 50% but has decreased to 30-35%, a trend shared by many organizations.

Multiple organizations raised the issue of government funding. Half of the organizations in one discussion group relied on public funding, and the impact of state and other government budget cuts has created the need to find other sources of revenue. In another example, the economy has impacted programs directly. One organization works on placing people into jobs, but with few jobs actually available, the program is struggling to achieve its goals.

Other needs identified were business infrastructure and development. Multiple organizations wished they had more accurate information on the sector's climate, a diagnostic tool, or management with the analytical skills to decide which programs to cut. Several organizations mentioned the need to function as a business—they need technology, technical assistance and support, and health care plans as much as corporate businesses. One organization said they'd like some form of organization that brings nonprofits together to create a group of consumers that has more power to negotiate and get better prices. Other similar ideas were collaboration with cost-saving health care and technology software/databases and organizations that hire out tech support. One organization pointed out that while merging may not be a part of nonprofit culture, collaboration is.

Human capital was also mentioned. Volunteers are still needed to support service delivery, and one organization said that they needed a more skills-based volunteerism—particularly with volunteers with technical skills.

How did you respond to those needs?

Most organizations had several strategies. Many restructured, cutting staff, pay, and/or programs. Some refinanced or consolidated facilities, while one organization negotiated reduced rates with vendors. Several organizations focused on generating earned income, renting facilities out or implementing sliding scale fees for clients. A few organizations used challenge grants to raise more money. One organization invested in a major gifts officer and is starting to see the return on that investment.

Several organizations had to analytically evaluate their structure in order to cut effectively. A few tools mentioned that were used: 1) a cost-benefit analysis, 2) PML 3) fundraising review, 4) and infrastructure and practices review. One organization revamped their business plan. One participant said that their final bottom line is the budget: the day it doesn't balance, something gets cut. He also recognized that there may be a day when the organization closes down.

Again, organizations were collaborating on many levels. Within one organization, efforts were made to get the board and staff invested in the process of sustainability. Also, volunteers are seen as being a huge component in giving organizations more capacity. Nonprofits have also collaborated with each other. One participant shared the collaborative discussion he had seen on

homelessness, funded by the California Endowment. This allowed nonprofits to see where they could work together and share resources to achieve goals.

Community collaboration formed another level of this broad spectrum. One participant said, “Going out and making our presence known in the community is absolutely critical,” and, “A lot of people don’t give because they’re not asked.” Community collaboration has also involved new partnerships with businesses such as Costco.

Finally, nonprofits mentioned the role of funders and said that they wanted to have forums to educate funders on what organizations truly need. Sometimes, they said, the amount of work it takes to apply for and fulfill requirements for a grant is not worth the time and money. Productively, a funder was present in the room and answered that they are trying to advocate for being flexible and that they also want organizations to spend time and money on programs, not forms. This discussion showed that many funders and nonprofits ultimately desire the same things.

What were some lessons learned through these changes?

Executives agreed that these challenges were forcing organizations to be more mission-driven, more focused, and more creative. Organizations have had to decide which programs and infrastructure were crucial to achieving their mission and have had to prioritize their services to make sure the neediest were getting help. Organizations have also had to become more creative in their programming and operations, and new partnerships have been formed to make resources stretch. One participant said that her board has stepped up to support her and that this year has actually been a “year of opportunity” in terms of collaboration.

Some infrastructural lessons have also been learned. One organization said that as they’ve had to cut staff, and as the remaining staff has been forced to wear many hats, they have realized that they may not have the right people in the right places. Regarding this idea of being stretched over many different areas, one participant shared a personal story. She cut her infrastructure and was, like many, doing several jobs at the same time. She went on vacation, and at the end of her trip, realized she didn’t want to go back to work! She realized that she could not effectively function across several jobs anymore and that she had to build up her infrastructure again. After this story, another participant agreed, saying, “I think we’re the last ones to take care of ourselves.” For this participant, however, volunteers have “stepped up in every conceivable way” and have played a key role in keeping staff sane and the organization functioning.

Finally, some organizations learned in regards to planning for the future. In the midst of this crisis, one participant said that he needs to figure out a “diet strategy” to maintain this fiscal discipline once the economy comes back.

Who initiated the changes?

The strategies seemed to come from the ED/CEO, who took advantage of lessons they were learning and turned them into effective solutions. Some did collaborate with their board, though interestingly, half the executive participants raised their hands when asked if the board looks solely to them for leadership. One participant did say that diversifying the board and addressing the disconnect between people served and people serving on the board helped provide a vision.

What are needs or desires for the future?

First, strategic planning was a key need for several organizations. An already funded pool of strategic planners was suggested, as was the expansion and active participation of the board in developing a strategic plan. In general, there was also a need to look at long-term planning. In other areas, one participant voiced the need to look at policy, how it affects nonprofits, and how nonprofits can affect it. There is also the need to educate consumers to advocate and talk to representatives.

One organization is looking at possibly strategically abandoning government funding, as there are too many hoops to jump through, and Orange County places much more restrictions for risk-avoidance than other counties. Reporting and the “funding bureaucracy” were mentioned—one participant said, “Nobody’s averse to oversight, but bureaucracy mandating the organization’s operations is not working.”

Growing human capital—both volunteer and staff—remains a priority for many organizations. In addition to pure man/woman-power, staff development is also an issue. One participant said that she needs her staff to understand how they are integral to each other and that they need to see the big organizational picture. Another said they’d like to see a foundation that could fund board retreats at a location or facility that supports nonprofits.

Technology and business infrastructure were also identified as needs. IT systems, technical assistance, HR, legal help, and a business development model with reference to referral networks were all mentioned, and smaller nonprofits said that they can’t afford the right infrastructure. Could a shared infrastructure work? One participant said that they wanted to see an umbrella organization for strategic planning, health, succinct messages, and technology. Other needs were facilities and tools to analyze practices to make organizations more successful and efficient.

Finally, many organizations again discussed varieties of collaboration. There were general needs for increased communication between organizations, funders, and each other, as well as relationships and community participation. Different sizes of organizations, however, mean that some organizations’ needs are different than those of others, so sharing and collaborating should take this into account. Specific arenas for collaboration are in the faith-based community (e.g., churches) and with companies or corporate partners.

What else do you want to tell funders?

Regarding the issue of more convenient grant application processes mentioned earlier, a suggestion was made to create a database of nonprofit information and a master application for all foundations and endowments. Participants mentioned the California Cultural Data Project as an example. In addition, participants want funders to see that nonprofits need business infrastructure just as much as regular businesses do. One participant brought up the need for funding and training for social enterprises. In these examples, organizations want funders to see that they need to understand nonprofit needs.

Participants overwhelmingly agreed on the need for continued dialogue between EDs/CEOs and funders. In general, the need for continued collaboration and communication stood out.

Board Members

What were the most urgent needs facing your organization this past year?

In parallel with the executive discussions, the overwhelming need identified by board members was funding. Loss of individual donors, loss of state funding, and other decreases in revenue have contributed to organizational staff cuts, a need for more volunteers, and an urgent need for operating funds. One organization mentioned the difficulties in keeping donors contributing after having just completed a capital campaign before the economic crisis. Another organization had the unexpected problem of being unable to access their bank account, as their bank was taken over by the FDIC. One organization discussed the balance between dipping into reserves and making cuts. Last year, the focus was on survival. This year, however, sustainability and the future have become the focus.

Regarding staff, one organization brought up the pattern of being inundated with people who were not able to donate money but wanted to volunteer. While appreciated, this created the additional issue of maintaining staff while processing new volunteers.

The general effect of the loss of funds and the desire for sustainability was the focus of board priorities. Organizations are refocusing on what their core services are and what projects could be put on the back burner. They had to figure out if they were being effective or if they were spreading themselves too thin over the projects they had. The distinction between “pausing” and “cutting” programs came up—some organizations put some services “to sleep” because they were not viable and useful in the immediate future. Overall, it seemed that organizations had to reset their business plan, goals, and thinking—while they may not have completely overhauled, they did need to decide what was essential. This determination then filtered to the budgeting process, strategic planning, and goal-setting.

Other needs related to the issue of funding were briefly raised, including that of collaboration. Organizations reported the need to identify collaborating organizations and potential partners, as well as the need for a more synergistic way to eliminate the duplication of efforts among providers. Finally, a continuing but ever more pressing need in the economic situation was the overcoming of the thought that people in Orange County “don’t need help.”

How did you respond to those needs?

Organizations implemented changes in their strategic planning, in their programs, and in their relations with donors. In terms of the organization itself, the board underwent some changes. One organization developed and expanded—they evaluated their current board and recruited new members to diversify professional contacts in the community. Another organization is building their board and looking at becoming a charter and collaborating with other organizations. Also, in addition to developing the board, one organization restructured their management and hired a new ED with a development background.

Tough decisions had to be made to continue (or not) services given staffing/resources. One organization will be conducting community focus groups to help focus its services. Another organization has maintained a relatively flat budget, having lowered revenue projections and established contingency plans. This organization based adjustments on strategic plan priorities, and the CEO worked with staff to develop buy-in. Their strategy is to do fewer things, but better.

Regarding the way programs and services are carried out, one organization recommended developing creativity and remembering that nothing is sacred. Their example was holding an event at a performing arts center rather than a hotel. Another organization made use of social media. A more specific example of creativity (and collaboration) came from the Pacific Symphony’s idea to increase community involvement and audience engagement through innovation. They got an actor from South Coast Repertory to act out Tchaikovsky’s life, creating a “date night” atmosphere attracting more people than just the music “purists.”

Finally, organizations’ planning also incorporated strategies for increasing or maintaining funding. Regarding donors, one organization had invested in training from Benevon, which helped them with point-of-entry events for donors. Another organization wants to engage donors with the idea that they are sustainable and have a long-term succession plan.

Organizations also implemented new fundraising strategies besides engaging donors. One hosted a golf tournament; one started a social enterprise program; another organization hired an auxiliary grant writer, and another launched a \$1/day community-based fundraiser program that

now covers 25% of the budget. On the other hand, one organization did decide to cut a major event that, while successful, was not economically viable.

Who initiated the changes?

The overwhelming consensus was that discussions and implementation were staff-driven.

What can the Board do to support the ED/CEO?

As one participant stated, “Having a strong board without a strong ED is like having the tail wagging the dog.”

One idea for board support for the staff was very specific: this organization has a Board Member assisting with grant writing and fund development. Another participant wanted to organize an auxiliary to support staff. Other suggestions were not as specific but fell into the category of defining and enforcing the Board Members’ roles and commitments. One organization suggested a “report card” system for current Board Members. Another organization had Board Members chairing committees involved in leading the work of the strategic plan.

Collaboration and communication between staff and board was highlighted. One participant suggested joint meetings between staff and board to discuss issues, which involves and empowers Board Members while ensuring good communication.

Participants also addressed the process of board development. One organization suggests a matrix of needs and responsibilities that can focus board recruitment. Board engagement was important, with one participant suggesting a series of one-on-one business meetings with each Member, discovering his or her passions, goals, responsibilities, and spheres of influence. Potential additional groups discussed were an Advisory Board (high-level donors) and a Strategic Planning Committee (Board Members and high-level donors).

What is the optimum size of the Board? What is the value of an Advisory Board?

The numbers of Board Members varied depending on organization. Some observations were that most boards are shrinking, and arts organizations tend to have larger boards than social service agencies. A survey of the room produced these results for number of Board Members: 10, 11, 12 members (7 organizations), 14, 15 members (2 organizations), 18 members (3 organizations), 20, 24, and 30 members. The 30 Members came from United Way, which had actually scaled down to 30. Granted, they have an \$18 million budget.

Another specific topic of discussion was that of Advisory Boards, also brought up earlier in the session. There was consensus that an Advisory Board needs to have a purpose. Some organizations feel that their Advisory Boards do have a strong purpose and give good advice. One organization has active volunteers serving on the Advisory Board, with regular Board

Members being involved in fundraising. Another organization has an Advisory Board with 20 members who meet twice a year to get updated on current issues to better serve as advocates in the community. One observation was that this Board can provide a perceived connection that helps foster giving. However, on the other side, one organization had mixed feelings about the time and coordination it takes to maintain an involved, active Advisory Board.

What is the role of shared services/collaboration, and what can we do to support it?

Organizations pointed to specific examples of cost-saving collaboration, such as support for collective purchasing for web development or printing and getting support from national offices if applicable. Mergers were mentioned, and a moderator mentioned that OCFR has been looking at brokering of services through its capacity building work.

As for supporting collaboration, suggestions were to continue dialogue in summits such as this one; to be informed and advocate; and to share experiences and best practices, such as what trainings/conferences/seminars are helpful.