

New Economy New Rules New Tools

Taking Action Now

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Charting the Course II

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Realization



Acknowledge

- Land Trust and Common Ground
- Northeast Entrepreneur Fund
- Little Treasures
- LSS
- Life House
- CHUM
- Damanio
- Duluth Zoo
- Northland Foundation
- Ordean Foundation
- 8 Youth Development Programs
- Minnesota Diversified Industries
- Community Action Duluth
- United Way
- LISC

New Economy

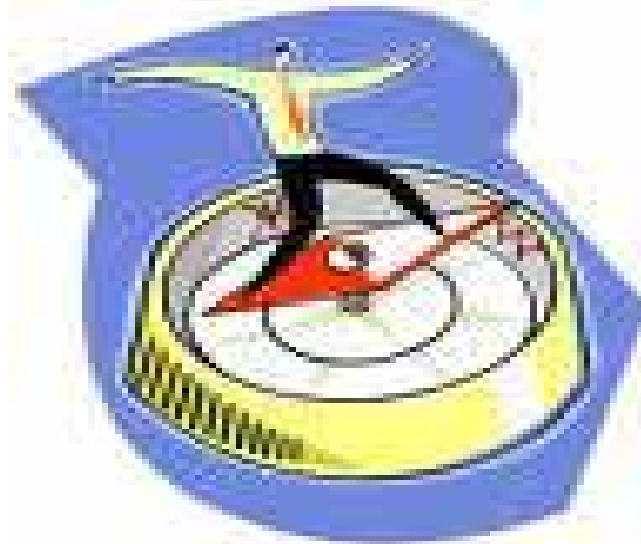
- The jobless slow growth recovery
- Cannot afford all that we want
- Cash not credit
- Personal income will not grow – no new taxes
- Redefining government services at local level
- Lack of civil discourse – politics of fear
- Baby Boomers –delayed retirement
- Millinals – delayed expectations
- Global economy and technology

Observations

- Cannot expect to withstand recession with minimal change
- Not an 18 month problem that I can outlast
 - Across the board cuts vs. restructuring programs
- Some organizations positioned to do well
- Organizations can fail quickly –even large organizations
- No margins for errors– underlying problems become evident – weaknesses become problems

Observation

Change is hard!



Observations



- The triple problem
 - Sectors Restructuring
 - Housing
 - Youth Development
 - Services for the Disabled
 - Arts Organizations
 - Agency already in financial distress
 - Loss of key funding

Observations

- Financial Stress
 - Across the board cuts – program restructuring
 - Protecting the status quo
 - Delays and creates more pain
- Stages of Grief
 - Stuck in the bartering stage
 - Raise more money
 - Work with less
 - Seek others to blame
 - Looking for our “bail out” government funds
 - Raise the issue of need

New Rules

- **Mission, Values, Vision & Results**
 - Outcomes not outputs
 - Indicators with realistic and measurable targets
 - Results focused on mission - delivered with passion
- **Branding and Messaging**
 - Beyond marketing, outreach, communication
- **Advocacy – Public Policy to Resource Allocation**
 - Lost seat at the table
 - Policy not funding protection
 - Strategic with a multi-year agenda – think campaigns
 - Community building, Civic engagement

New Rules

- Development not fundraising
 - Annual plan
 - Smaller events
 - Joint ventures on any larger scale event
 - Means having strategy with brand, message, marketing, campaign, database, staffing
- Redefine collaboration-has to be more than:
 - Communication tool
 - Issue education for members
 - Resource sharing
 - Project management



New Tools

- Results based Strategic Plan
- Sustainability Plan
- Scenarios and more Scenarios
- Development Planning-Four Pillars of Fundraising
- Strategic Alliances – Formal Agreements



Must Haves

- Leadership
- Strong infrastructure with early warning signs
 - Data systems
 - Financial systems
- Active engaged board of directors
- Brand – message
- Transparency
- Scenario budgets – revenue and expenses



Strategic Alternatives Matrix

What Has to Happen?

Continuum of Change Options



Solo Agency Options

The Strategic Alternatives Matrix Definitions and Information

- Restructure
- Soft close
- Hard close

Solo Agency Options

Option	Pros	Cons	Process
<p>Restructure Restructure programs and services, realign staff, reduce or change the outcomes and meet the needs of its target population in a different way. May decide to change or alter its target population. As result of the restructuring of programs and services, there are changes in job descriptions and responsibilities, often personnel changes, shifting of costs, etc.</p>	<ul style="list-style-type: none"> • Provides focus on core mission and programs • Engages staff and board into remembering what is important • Ability to shift resources to meet emerging community needs 	<ul style="list-style-type: none"> • Results in changes in service delivery to clients • Unsettling for staff – time period of sorting the options creates internal turmoil • May not result in cost reductions but cost shifting 	<p>The organization reviews its mission, vision, outcome measures and strategies. Reviews all programs, market demand, funding sources and creates options for going forward.</p> <p>Uses a planning process of some type –strategic planning, results based planning, or scenario planning.</p>
<p>Soft Close Organization closes one or all of its programs without closing the entire organization. Board continues to govern, plans for reopening, addresses funding issues, and continues to hold community events for visibility with minimal staff and budget.</p>	<ul style="list-style-type: none"> • Addresses immediate cash flow situation, provides way to address cash and expense issues immediately. • Gives board time to reevaluate and reorganize. • Provides opportunity to engage stakeholders in the conversation to determine future. 	<ul style="list-style-type: none"> • Risk that may not reopen. • Staff positions are eliminated and rehiring may be difficult • Loss of services to clients. • Image in community and funders may be negative. 	<p>Organization reviews options, cash situation in the next 3, 6 and 12 months. Financial projections are critical to the process of decision making.</p> <p>Board determines information it needs, reviews contracts and financial commitments, reviews services and client data.</p>
<p>Hard Close Organization closes its doors, lays off staff, and distributes assets according to by-laws. Board disbands.</p>	<ul style="list-style-type: none"> • Addresses lack of permanent and ongoing funding. • Provides graceful exit when no funding alternatives. • Shifts funding resources to other more stable organizations. • Limits debt liabilities to organization. 	<ul style="list-style-type: none"> • Permanent and difficult to restart. • Debt may need to be restructured or bankruptcy considered. • Clients left without services – need strong referral base. 	<p>Organization reviews options, cash situation in the next 3, 6 and 12 months. Financial projections important information.</p> <p>Board determines information it needs, reviews contracts and financial commitments, reviews services and client data.</p>

Multi Agency Options

- Administrative Consolidation
 - Joint Programming
 - Strategic Alliances
- Worksheet
- Options
- Pros
- Cons
- Process

New Corporate Structures

- Management Services Organization Worksheet
- Joint Ventures Options
- Merger –Corporate Restructuring Pros
Cons
Process

New Tools

Strategic Plan

Strategies based on what you want to do

vs.

Results based Strategic Plan

Strategies based on the results you want to achieve

Results Based Plan

Strategies based on the results you want to achieve.

Results Measures Defined:

- Outcome – Benefit from what you do
- Indicator – measure of your impact on the outcome
- Target – (%)number you are trying to achieve

Example

Public Safety (Outcome)

50% (target) emergency calls will be responded to within 3 minutes (indicator)

Examples

Healthy Children

- 80% of children will be immunized before kindergarten.

Employed Individuals with Living Wage

- 50% of program graduates will obtain a job that pays at least \$12 an hour.

Audience Participation

- 50% of audience will participate in audience talk back sessions.

New Audience Development

- 25% of audiences will be composed of the targeted group of young professionals

Eliminating Homelessness

- 50% of homeless individuals will obtain permanent housing

Outcome



Target



Indicator



Sustainability Plan

Survival Plan

Making it through the next 12 months

Sustainability Plan

Making it through the next five years

Vision for the future

Sustainability Plan

- Organization not currently sustainable as structured.
 - Structural Deficit
 - Cash flow
 - Loss of major funder
- Strategies
 - Survive the next 12 months – short term
 - Develop two to three years – near term
 - Long Term – five years or more – long term
- Work plan for each strategy

Scenario Planning

Budgeting and Fundraising Scenarios

Scenario Plans

Scenarios for the Unexpected

Always monitoring data, scanning trends,
being nimble, being prepared

Scenario Planning

Change is the Norm: Process for discussing change in the organization.

- The Plan Outline
 - Options or Scenarios
 - Budget and Cash flow Projections
 - Action Plan for Implementation

Development

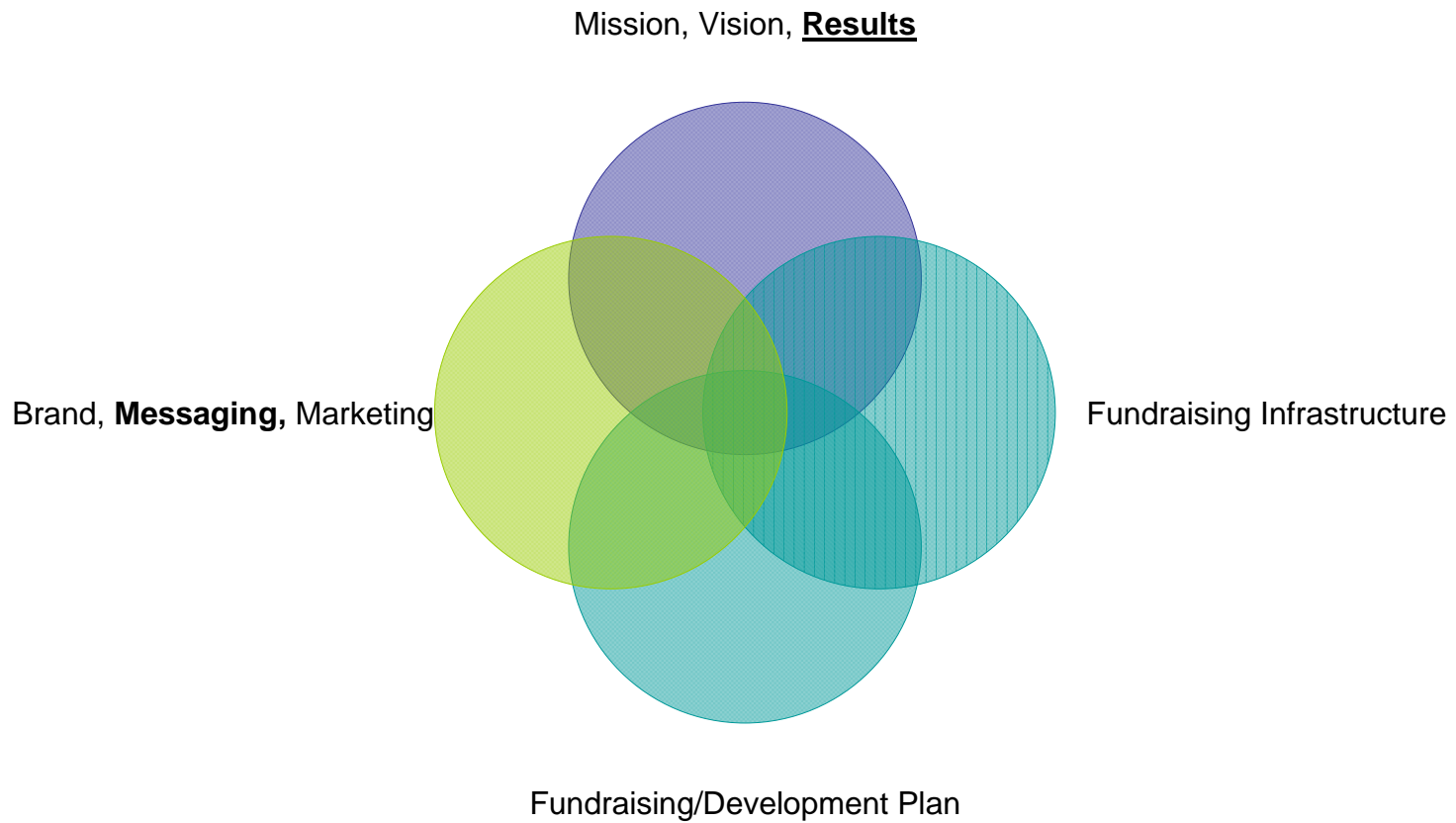
Fundraising

Raising the “plug number in our budget”

Development

Campaign built on relationships

Development Planning



Development

- Mission – compelling, memorable, and excites
- Vision – what will the organization do to impact the community, the issue
- Results – what measurable outcomes do you achieve.

Development Plan

- Branding – defines who you are – not just a logo any longer
- Messaging- consistently communicating the same thing
- The Marketing Plan – all media types, all year long

Development Plan

Fundraising

- Annual plan based on a three or five year plan
 - tied to marketing
 - based on metrics
- Prospecting to Closing
- Building relationships
 - Social Media – all forms of asking
- Provides return on investment (development)

Development

- Infrastructure
 - Leadership
 - Staffing
 - Technology
 - Prospecting
 - Investment = Return

Strategic Alliance

Collaboration and Partnerships
Shared Resources

Strategic Alliances
Different Resources Combined

Strategic Alliances

- Contractual Relationship
- Defined Process for Designing
- Shared Outcomes and Goals
- Clear Roles and Responsibilities
- Members of alliance make unique contribution
- Whole greater than the Parts
 - Accomplishing more than you could individually

Strategic Alliance Agreement

- I. Parties Defined
- II. Alliance Venture/Project Description
- III. Alliance Venture/Project Goals
- IV. Alliance Venture/Project Responsibilities
- V. Alliance Venture/Project Management
- VI. Alliance Venture/Project Accounting
- VII. Alliance Venture/Project Insurance Coverage
- VIII. Alliance Venture/Communication
- IX. Duration of Alliance
- X. Severability
- XI. Amendments
- XII. Governing Law
- XIII. Assignment
- XIV. Signatures

Joint Ventures/Mergers

- Management Services Organizations
 - Back Office
- Joint Ventures
 - New Programs
- Mergers

Yet To Be Developed Tools



Contacts

Northland Foundation

www.northlandfdn.org

Tools

Presentations

Scenario Planning

Warning Signs

Planning Glossary

Strategic Alternatives - Chart and Notes

Strategic Alliance Agreement Outline

Dissolving Nonprofit Organization

Strategic Alliances – How to Guide

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