

Coping with Cutbacks Planning Workshop

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Workshop Objectives

- ✓ Try out a process for addressing revenue reduction
- ✓ Explore short term financial strategies
- ✓ Explore long term financial strategies
- ✓ Tips for fundraising and making cuts
- ✓ Factors that lead to successful collaborations



What Do You Want to Get Out of Today

- 📄 Questions answered
- 📄 New ideas
- 📄 Tools
- 📄 Processes



Strategy Generating Process

- 📄 Know Yourself – Where are you now and where are you going in the future
- 📄 Clarify the problem or opportunity – Fully understand the scope, magnitude, and implications
- 📄 Outline the process for developing and selecting strategies – Who will you involve and how will you involve them in the process



Strategy Generating Process

Cont.

- 📄 Establish criteria for success - What will be used to determine the best strategies
- 📄 Brainstorm strategies – Generate ideas for addressing the problem or opportunity
- 📄 Select the viable strategies – Arrive at the best strategies for the organization



Know Yourself

- 📄 Lifecycle Stage
- 📄 Core Programs
- 📄 Supporting or Spin-off programs
- 📄 The Swap
- 📄 The Model



Exercise - Know Yourself

- 📄 Where are you in the organization's lifecycle?
- 📄 What are your core programs?
 - **Mission related**
 - **Known for**
 - **On the way up – will be known for**
- 📄 Is the swap worth it?
- 📄 Is this the right program model?



Clarify the Problem

- ☞ Be sure to spend enough time on this – do not move to solutions.
- ☞ What is the size of the problem?
- ☞ Do not take the problem at “face” value:
 - Is the funding cutback restricted or unrestricted?
 - Does the cutback have an impact on only one program or several programs?
 - Is there an indirect impact on other programs or the organization?
- ☞ Is the problem ongoing or one-time.



Exercise - Clarify the Scope of the Problem

- ☞ What is the size of the problem?
- ☞ Does the cutback have an impact on only one program or on the organization?
- ☞ Is there an indirect impact on other programs or the organization?
- ☞ Is the problem ongoing or one-time?



Outline the Process

- 📄 Decide how much time you have
- 📄 Determine who makes the final decision
- 📄 Decide who you need to hear from
 - Staff
 - Board
 - Advisory groups
 - Customers and clients
- 📄 Decide if you want a decision or advice
- 📄 Decide in which steps they will participate
- 📄 Decide how you want to hear from them



Exercise - Process

- 📄 How long should the process take?
- 📄 For each of the remaining steps:
 - Who do you need to hear from?
 - Is it advice or idea generation or decision?
 - How do you want to hear from them?
- 📄 How will you communicate in the timeframe to the different stakeholders?



Establish Criteria for Success

- ❏ Important because it helps focus the idea generation and avoids wasted effort
- ❏ Starts by focusing on values and what is important to the organization
- ❏ Often can eliminate unnecessary worry, frustration and conflict
- ❏ Provides decision-makers with a say up-front yet allows for appropriate input



Exercise – Establish Criteria

- ❏ What criteria relate to values, mission, or vision?
- ❏ What criteria relate to customers or clients?
- ❏ What financial condition criteria must be part of any solution?
- ❏ What other criteria should be part of any solution?
- ❏ Pick the top 3-6 criteria that must be used for screening solutions.



Tips When You Have to Raise Money

- ☞ Go first with what you know or have experience in
- ☞ Play to where you are in your lifecycle – one time grants
- ☞ Get the board committed to a fund raising goal
- ☞ Use your networks – bet on the board and volunteers
- ☞ Start small, pilot, build over time
- ☞ Meet with funders whenever possible
- ☞ Special events should be only done with volunteers and/or board members



Don'ts When You Have to Raise Money

- ❏ Don't expect to get funding the first time you apply to a foundation
- ❏ Don't contract out your fund raising – you are the best fund raiser for your organization/program
- ❏ Don't rely on fund raising exclusively when facing a shortfall
- ❏ Don't spend money to make money without a track record
- ❏ Don't ignore the long term when fund raising
- ❏ Don't contract with a fundraiser for a per cent of the funds raised



Tips When You Have to Cut

- 📄 Make a few big cuts vs lots of small cuts
- 📄 Make short term cuts with an eye on the long term
- 📄 Cut quickly and all at once vs slowly over time
- 📄 Pay attention to funding sources and restrictions in the use of funds
- 📄 Pay attention to implications of cuts on fixed and indirect costs
- 📄 Keep the key people on the board and staff involved in the thinking on cuts
- 📄 Communicate, communicate, communicate – stay in the center of communication



Don'ts When You Have to Cut

- ❏ Don't spend down reserves below 3 months operating
- ❏ Don't be tempted to borrow money or mortgage your future
- ❏ Don't get into too much belt tightening – negative perceptions
- ❏ Don't go against good management and your own policies
- ❏ Don't lose your “stars” they are hard to replace
- ❏ Don't discuss possible solutions with people who are not part of decision making



Short Term Strategies

Cut or control costs

- Analyze purchasing
- Adjust payables
- Evaluate facilities and infrastructure
- Modify staffing and related costs
- Reduce services



Short Term Strategies Cont.

Increase revenues

- Manage money differently
- Increase fees
- Initiate or accelerate fund-raising
- Expand or add services
- Increase productivity

Structural Strategies

- Modify the organization's structure
- Modify the organization's culture



Long Term Strategies

Structural Strategies

- **Modify the mission**
- **Modify the organization's structure**
- **Modify the organization's culture**

Engagement Strategies

- **Engage other nonprofits**
- **Engage the community**
- **Engage the business community**
- **Engage the public/government sector**



The “Intensity” of Partnership

Cooperation

- Shorter-term informal relationship
- Shared information only.
- Separate goals, resources and structures.

Coordination

- Longer-term effort around a project or task.
- Some planning and division of roles.
- Some shared resources, rewards, and risks.

Collaboration

- More durable and pervasive relationships.
- New structure with commitment to common goals.
- All partners contribute resources and share rewards & leadership.



Arenas of Influence



Implications of this Change

- ✓ Keeps the focus on the mission and vision
- ✓ Keeps resources directed at the issues and adds new resources
- ✓ Provides for broad buy-in
- ✓ Establishes new connections



Collaboration Defined

A Working Definition

Collaboration is a mutually beneficial and well-defined relationship entered into by two or more organizations to achieve common goals

The Relationship includes a commitment to:

- ✓ A definition of mutual relationships and goals
- ✓ A jointly developed structure and shared responsibility
- ✓ Mutual authority and accountability for success
- ✓ Sharing of resources, risk, and reward



Collaboration Also Means...

Bringing together unique and different philosophies, values and cultures.

- ✓ **Work practices and habits**
- ✓ **Leadership styles and power structures**
- ✓ **Organizational histories and norms**

And offers us a new set of challenges and opportunities.

We are caught in a inescapable network of mutuality, tied in a single garment of destiny. Whatever affects one directly, affects all directly.” -

Martin Luther King



Collaboration

Is the most intense way of working together while still retaining the separate identities of the organizations involved.



Exercise – How do We Partner

- ☞ Individually think through how your organization partners –
- ☞ Share your thinking with your neighbor(s) and discuss why this is –



Why Do We Take On These Challenges & Opportunities?

- ✓ Community Impact: achieve desired outcomes
- ✓ Communication benefits: more accessible, effective services
- ✓ Mutual gains: win-win
- ✓ Self-interest and need: survival, shrinking resources
- ✓ Mandates: policy or funding requirements
- ✓ Financial gain: economies of scale and operating efficiencies
- ✓ System change: require systems or policy change



Round Table Discussion

- 📄 Asking questions, and
- 📄 Sharing what has worked.



Keys to Success

What does the research say about collaboration?

- ✓ **Wilder Research Center reviewed and summarized existing research (2001)**
- ✓ **Examined studies on collaboration**
- ✓ **Identified 6 key areas (20 factors) that influence the success of collaborations**



20 Factors Influencing Successful Collaborations

Factors Related to...

The Environment

1. History of collaboration or cooperation
2. Collaborative group seen as a leader in the community
3. Political/social climate is favorable



20 Factors (cont...)

Purpose

4. Concrete, attainable goals and objectives
5. Shared vision
6. Unique purpose



20 Factors (cont...)

Membership

7. Mutual respect, understanding, and trust
8. Appropriate representation
9. Members see collaboration as in their self-interest
10. Ability to compromise



20 Factors (cont...)

Process/Structure

11. Members share a stake in both process and outcomes
12. Multiple layers of decision making
13. Flexibility
14. Clear roles and policy guidelines
15. Adaptability
16. Appropriate pace of development



20 Factors (cont...)

Communication

17. Open and frequent communication
18. Established informal and formal communication links

Resources

19. Sufficient funds
20. Skilled convener



Exercise – Readiness Assessment

