



# Surviving the Crunch: **Fund Development in Perilous Times**

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*Executive Service Corps of Southern California*

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## Starting Point: What Do We Know?

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- **Bracing for Lean Times Ahead:** Stephanie Strom  
**New York Times**, November 11, 2008
  - So far, few fund-raising experts or nonprofit leaders are predicting an implosion in giving...But nonetheless they acknowledge that their world has changed and are preparing for leaner times. It's more a matter of when, not if.
  - While individual giving is hard to forecast, giving by institutional foundations should remain level or rise over the next year.
  - "The impact is probably going to be more serious next year than it is this year," - Jennifer L. Howse, president and chief executive of the March of Dimes



## A Pop Quiz?

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- Who are your top 10 donors?
- How much is budgeted for charitable income this year?
- Who are the 5 key new donors that you are personally helping to solicit?
- Who gave you the most recent substantial gift?
- What major charitable gift did you lose this year and why?
- What would \$10,000 do for your organization and how would you recognize the donor?
- Have you thanked a donor personally lately?

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## Getting Back to Basics

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- Review Mission
  - Is it still resonant?
- Transparency
  - How do you communicate with stakeholders?
- Re-define your uniqueness
  - Why are you best positioned to address your mission?

Become the #1 option

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## Getting Back to Basics cont'd

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- Clarify your Mission
- Planning (Fund & Strategic)
- Making your Case
- Assess Human Resources
- Cut Costs Smartly
- Develop Donor Markets
- Communicate with Donors

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## Re-focus on strategic priorities?

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- What is mission critical?
- What is Donor critical?
- Strategic Plan Checklist
  - Time horizon
  - Mission
  - Board involvement
  - External input
  - SWOT analysis
  - Planning discussion
  - Cost Analysis
  - Setting goals and implementation plans
  - Oversight of implementation and a plan for continuation
  - 10. Implementation

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## Develop Short Term Fund Development Plan

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- Four Essential Tools
  - Strategic Plan
  - Fund Development Plan
  - Case for Giving
  - Comprehensive Donor Database & Reporting System
    - Assessment Handout

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## Develop Short Term Fund Development Plan cont'd

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- Strengthen the Case for Giving
  - What a good Case can do
  - Examples

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## Develop Short Term Fund Development Plan *cont'd*

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- Case for Giving Outline
  - Clearly communicates the organization's purpose, mission and goals
  - Creates a vision for doing more to support the mission
  - Presents examples of ability to succeed
  - Stirs emotion with personal stories
  - Answers all questions
  - Recognizes leadership
  - Clearly articulates needs, costs and benefits

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## Develop Short Term Fund Development Plan *cont'd*

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- Case for Giving Outline I
  - Mission of the organization
  - History of the organization
  - How our organization is unique
  - Honors and distinctions
  - Description of the community our organization serves
  - Featured programs
  - Two examples of how our organization has helped

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## Develop Short Term Fund Development Plan *cont'd*

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- Case for Giving Outline II
  - Who our leaders are
  - Basic organizational financial information
  - Current strategic funding needs explained – vision for the future not budget gap fundraising
  - Why someone should support our organization
  - What a difference a \$10, \$25 and \$100 per month contribution can make in expanding the organization's impact on the community it serves
  - Sample giving form which can be customized for different situations

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## Assess human resources

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- Role and Responsibilities of:
  - Board of Directors
  - Staff
  - Volunteers
  
- How do we mobilize everyone?

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## Cut Costs Smartly

"CASH IS MORE IMPORTANT THAN YOUR MOTHER"

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### ⦿ Cashflow Analysis I

- Operational Cash flow is the simplest and best method to monitor cash.
  - Simple: Checks In – Checks Out
  - If operational cash flow is negative in any 3 consecutive months, start looking for expenses to cut.
- ⦿ Is your revenue "lumpy"? That is, does most of your revenue come in a few months of the year, such as at one or more giving times or events? If so, revenue projections for budget purposes should assume at least 20% less than anticipated revenue.
- ⦿ Remember that cash generates cash (interest) so don't pay bills in advance of due dates.
- ⦿ If your agency is renting space, negotiate a reduction in rent, even if your agency is in mid-lease. Hint about renting new space at lease-end. It really costs a landlord to re-lease that space, and in this economic climate, he may have real trouble re-leasing. Ask for a 20% rent reduction and negotiate from there. If you are near lease-end, start an immediate search for lower-cost space. Commercial space is a buyer's market at present.

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## Cut Costs Smartly

"CASH IS MORE IMPORTANT THAN YOUR MOTHER"

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### ⦿ Cashflow Analysis II

- ⦿ If your agency's cash flow remains negative, **DO NOT WAIT; DO NOT BE OPTIMISTIC!** Take immediate, drastic action. Even consider layoffs or, reduction of services. Consider replacing some staff functions with volunteers.
- ⦿ If your agency is in trouble, offer your staff a temporary reduction in wages in lieu of layoffs. You may be able to keep valuable employees and managers for better times.
- ⦿ Contact your largest donors by telephone. Do not seem panicky, but let them know you would appreciate an addition to their usual contributions. Let them know what steps you have already taken to conserve cash. Meet with some of them personally, if they will agree, and present your situation in financial terms.
- ⦿ If your agency is holding directed donations or trusts, call the donor(s) and ask if they would release some of those funds for immediate needs.

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## Cut Costs Smartly

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- ◉ Staff reduction strategies I
  - Reduce hrs/workweek
  - Cut or freeze wages
  - Lay off staff
    - ◉ Offer voluntary separation
    - ◉ Offer unpaid leave
    - ◉ Remove poor performers
  - Freeze hiring
  - Use volunteers/interns

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## Cut Costs Smartly

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- ◉ Staff reduction strategies II
  - Hire temps/consultants
  - Remove management layers
  - Reduce benefits, staff training & development
  - Limit/eliminate travel
  - Cancel professional memberships

Remember that morale has costs too.

“Waiting for the other shoe to drop is worse than the shoe dropping.”

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## Develop and Manage Distinct Donor Markets

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- Key Donor Markets
  - Top 25
  - Top 25 Lapsed
  - Top 25 High Potential
  - Top 25 Prospects
  
- What is the low hanging fruit?
  - Lapsed givers

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## Final Thoughts

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- Communication is the Key
  - Be public and proactive about challenges
  - Engage them about future plans
  - Ask their opinions
  - Develop special communications as necessary
  
- Stay calm, focused and energetic

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