m|Oppenheim Associates
INSIGHT
Volume 2

Nonprofit Leadership Strategies for the Great Recession

In 2009 the California Council of Land Trusts organized a conference attended by 300 leaders from 60 land trust organizations. The following articles are based on brief speeches delivered by well known leaders in the field. We believe that their ideas have significance not only for conservation organizations, but also for leaders serving arts, education, human services and social justice nonprofits.

The Value of Sharing Knowledge and Coordinating Action

Darla Guenzler
Executive Director, California Council of Land Trusts (CCLT)

The California Council of Land Trusts acts as a unified voice for more than 150 land trusts throughout California. 2008 was a very productive year for us and we have some real challenges in 2009 and 2010. I'd like to share a few of our successes with you, and then discuss how we intend to support California's land trust movement over the next years.

Our work on legislation helps set the stage for the success of many of our land trusts, and I would like to briefly cite two examples. First I would like to call out the efforts of the land trusts and their volunteers who make it possible to get trails built and repaired, have non-native species like pampas grass removed, and who support numerous other conservation projects. As you know, there was legislation proposed in Sacramento that would have forced land trusts to hire people for the kinds of activities that volunteers have always supported. Paying for services previously provided by volunteers would have made it financially impossible for conservation organizations to do much of our work. The bill that finally emerged from the legislative branch allows us to continue our volunteer-supported efforts for at least another three years.

We also worked very hard on countering land appraisal legislation that would have brought profound changes to the appraisal and acquisition process, and that would have slowed or halted virtually all acquisitions in the state. Working together with land trusts from across the state and other partners, we were able to turn that bill back and bring forward an alternative bill that increases transparency in the appraisal process and establishes some strong rules that will work for land trusts, land donors and public agencies.

We worked hard on communications, and helped a number of land trusts place opinion pieces on conservation issues in regional papers and media. Such included articles on the closure of state parks, various land acquisition projects, sustainability issues and so forth. Bringing such issues to the forefront of public consciousness is critical to building support. We also improved our approaches to sharing information with our members, and we continue to provide training and other education, including various accreditation courses.

After a year of work, the California Council of Land Trusts just released a report for Southern California on the role of land trusts in preserving ecosystems and the quality of life of people living across the region. This case statement on the critical need for land protection in Southern California cites diverse public benefits that land and water conservation delivers to local communities. I would encourage you to use the materials directly and as a template for your own materials.

"As the funding pie shrinks, nonprofit boards and executives must prepare to weather some extremely challenging times."

Mark Oppenheim

The INSIGHT publication helps non-profit leaders share their experiences with the boarder community.

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I believe that we have to take the conservation and land trust story to the public, and we expect to produce similar works for different regions and diverse ecosystems, including for farm and ranch lands, forests, and for shore, desert and mountain ecosystems.

In the coming year a great priority will be funding, and we plan to continue bringing a very solutions-oriented approach to our work. State budgets are highly impacted at the moment, and funding any kind of project through bonds is going to be difficult or impossible. We expect to keep you updated on these matters and what we're hearing from private foundations and individuals. We will also continue to arrange discussions and workshops so that CCLT members can share lessons learned on fundraising and other matters.

This is a time to look to our fundamentals, and we should all be paying more attention to our long term sustainability. Land conservation is a long game; we're in it for perpetuity and we need to develop our strategies around that fact. We must all be certain to take on new projects in a way that includes considerations of financial sustainability. We also need to think about the source of our future support. There will be a huge intergenerational transfer of wealth in the next 20 years, but research shows that some of the younger generation are not as interested in conservation and the environment as their parents were. We need to tackle that challenge proactively.

I encourage you to think about the conservation relevance of your programs and your organization. It is great that we've done a terrific job of protecting land, and that we continue to improve our stewardship and restoration programs. However, I believe that it is critical for us to think more about how we can broaden our base of support throughout our communities. How do we make conservation and the land trust movement relevant as times and priorities shift? How do we make your organization relevant to the daily lives of people living in the inner city? How do we engage children and youth? How do we engage people of color who have traditionally been neglected by the conservation movement? The world is changing — how do we ensure that the value of conservation is understood by the leaders of the future?

There are great examples for us to follow.

- **Land Paths** in Sonoma County began a community garden on a small piece of newly acquired property, and parents and children have taken ownership of the garden. The project has brought the land trust into the lives of a whole new group of folks.
- **Amigos de la Rios** engaged children and their parents in redesigning, building and caring for parks so that they directly experience the benefits of a land trust project.
- The **American River Conservancy** is working to protect the first homestead site of a Japanese community here in California, making the land trust more relevant to members of that community.
- After the 2008 firestorms, the **Big Sur Land Trust** contributed $100,000 to restoring damaged farm worker housing. The effort broadened the trust's outreach and generated tremendous goodwill in communities that had never considered land trusts important to their lives.
- The **Feather River Land Trust** has made it a priority to protect lands within walking distance of schools so that land is available to develop for environmental education programs. This helps to make conservation part of the daily lives of young people and communities.

I still feel optimistic about such programs and about the land trust movement in general. I believe that we will continue to build support, and that we will continue to improve how we do our work. These are difficult times, but this too shall pass. If we rededicate ourselves to preserving and repairing the land and build future support then the land trust movement will thrive.

Darla Guenzler is Executive Director of the California Council of Land Trusts, and directs statewide policy, education and communication for the land trust community. She was previously Associate Director of the Bay Area Open Space Council and is a member of various state and national committees on conservation issues. Darla can be reached at darla@calandtrusts.org.

Raising Funds in Challenging Times

Donna Fletcher
Principal, Mission Driven

I thought to begin our discussion on fundraising by providing information on what we know — and discuss the trends and facts concerning individual, government, foundation and corporate giving during a significant economic downturn. Since I began researching what past history portends and trends suggest, the data has been changing daily and the economic news continues to be worrisome and negative.

I'm not sure we know a lot.

Fundraising data has been tracked for only the last forty years, and in that time data shows what one would expect — that giving has fallen during recessions. Previously, the longest recession since the Great Depression was the 1973-1975 recession when annual giving fell by 9.2 percent, adjusted for inflation.

The US economy has officially been in recession since December 2007. We don't know when we will hit bottom or what the bottom will look like.

For most of us in this room, our land trusts have experienced 10%–60% decreases in funding. Capital campaigns have been delayed or extended, and the bond freeze in California has caused significant financial damage to land trusts. Year-end giving was down significantly. Many land trusts and environmental organizations secure 25%–60% of their annual budgets during year end campaigns. It is interesting to note that the number of gifts generally stayed the same, but the size gift diminished by as much as 40%. Organizations that rely on large donors suffered greater percentage declines than those organizations that had larger memberships and were reliant on smaller donations.

There is no 'business as usual' right now, but that does not mean that we are powerless. For example, bequests and planned giving is up in 2008 compared to previous years. This suggests that funds have not disappeared, and fundraising for land trusts should not be curtailed.

Foundations represent an important funding constituency for land trusts. A new study from the Foundation Center reports that in the four economic downturns since 1980, foundation philanthropy actually increased slightly each year, even after inflation. However, foundation endowments have declined a median 29%–40% as a consequence of the economic downturn. Let's remember that foundations must give away 5% of their assets each year and that calculation for 2009 will be based on 2008 assets. That means that a 5% payout based on last year's averages is really an 8–10% cash payout today. So we can project that on the whole, foundations will be prudent and conservative in their grantmaking in 2009 and that they can be expected to remain so over the next years.

A listing of other recently completed searches can be found on www.mOppenheim.com.

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The types of projects that are being supported by foundations are changing slightly. Several foundations say they are cutting back on support for construction projects and declining to make large philanthropic commitments that would take several years to fulfill. And foundations are taking drastic measures in order to continue funding. For example, one San Francisco Bay Area Foundation has said that it will implement a number of changes to its grant-making program in the next year, including: a shift from multiyear to one-year grants for organizations it has long supported, deferred payouts to certain grantees, elimination of certain grant programs, and cutback on administrative costs and staffing. I have spoken with other funders, and this kind of thing seems to be happening broadly nationwide.

In a study completed by The Chronicle of Philanthropy, only 16% of foundation respondents stated they would increase their giving, while nearly 40% of respondents expect to decrease the amount they give in 2009.

The corporate giving sector is also very dependent upon the state of the economy. One Chronicle of Philanthropy article states, "…corporate giving is likely to dive as well"; however, another study suggests that while companies have been hit hard by the economic collapse and will likely reduce giving, they will still want to maintain reciprocal relationships that "generate revenue for the business at the same time that the charity gets a lift." Companies will still seek ways to increase their visibility by increasing in-kind giving, volunteer labor and donated expertise.

We can also anticipate a shift in the types of projects that will be funded by corporations and corporate foundations. The 76 corporations and corporate foundations that responded to a study conducted by the LBG Research Institute indicate a sharp move away from arts and culture and toward basic needs (food, clothing, shelter) and environmental causes. There will also be a strong shift towards giving at local as opposed to national levels, with 46% of corporations and corporate foundations reporting that they anticipate a greater percentage of giving going toward local versus national organizations in 2009, and 25% saying that they expect to shift more than 20 percent of their national giving to local giving.

In conclusion, I believe that available data can help to shape productive actions. We need to have the pulse of what donors are thinking. If we understand what donors are thinking then we can shift our fundraising strategies and address their concerns.

Creative fundraising solutions are out there. It's a matter of learning from history, understanding how funders are adjusting to new realities, and ensuring that we are in a good position to take advantage of new realities on the ground.

Donna Fletcher is a principal of Mission Driven, a development and communications consulting firm that serves public benefit organizations in the arts, environment, and land conservation. Donna has served over 65 land trust and has acted as fundraising counsel to capital and annual fund campaigns that have raised more than $300,000,000. She can be reached at donnafletcher@missiondriven.org.

Building Long Term Relationships with Donors

Audrey Rust
President, Peninsula Open Space Trust (POST)

I've been in the job for 23 years and I've never seen anything like this current circumstance. We should focus on addressing problems and not on all the anxiety and distress we're having here.

During this recession, I think it is very important that we focus outward. To me, the word is "focus" first and "outward" second. We must do both of those things, and it needs to be done continuously and over the long term. There are two aspects of building long term, productive relationships with donors: understanding your funding audience and the messages you wish them to receive, and how to connect to funders and ask for support.

It all starts with the mission, and I challenge each of you to spend some of your time making a list of the three things that your land trust must do to be successful. Sometimes the definition will come from you, but often the definition will come from your donors. Find out what your donors want.

This is the time to ask yourself the hard questions, and to bring your staff and volunteers together to talk about your purpose and what you are doing to fulfill it. We all have great missions, but all of us sometimes do things that do not materially advance that mission. I'm not suggesting that we have mission drift, but that we could eliminate some of the things that we do and not hurt the mission in any way. Then focus your messaging and communications materials to ensure that your messages are aligned with your mission. Don't just talk about the next great creative idea.

How we communicate can be as important as what we communicate. Being from the Silicon Valley, I am aware of a few newer tools that enable us to stay connected to donors and constituents. Your website, YouTube, iTunes, Twitter and such, can be important. Get somebody out there with a camera to make a video you can post to YouTube — if a video is funny and entertaining then you can drive a little viral marketing with it. Make sure you have and use your donors' e-mails, but not excessively. E-mail is free, does not destroy forests, and is an environmentally sound way to communicate. And people generally don't mind receiving e-mails from groups they support.

Keep focused on a positive message that is mission centric. Land trusts have a message that is inherently positive: we invest in and manage a product that is not harming the earth but is in fact supporting the earth. People are concerned about pollution and global warming; they're concerned about quality of life, and beauty and biodiversity; they are concerned about preservation. These positive things need to be a part of our message.

Once you know your constituents and have a clear message that is aligned to your mission, you need to connect to your audience and especially donors who will fund your activities. One of the key things that you need to do is pay attention to who your donor audiences are, and focus on them.

There are times when you have to get everybody involved, and there are times when you have to focus on your core donor constituents. I believe this is a time to look at your core constituents — your top 50 donors. You need to know who they are and what they're thinking about. It is important that you go out and visit these people. It is true that you have many different audiences – donors, your public partners, volunteers, board members. While all of them are very important, I would advise spending as much time as possible with donors and prospective donors.

I think everyone should challenge themselves to be out of the office a certain percent of the time, ideally more than 25%. Don't get lost in administrative work at this time; the challenge during times like these is to become

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a leader in your community of donors. This is your time to get out there and bond with people to find out what they're really thinking about. If you're not spending time with your key donors, you're going to lose them to some other cause that will seem more current and more urgent. You need to inform and involve your board, donors and volunteers more deeply. You need to take care of them, but you also need to ask them to do something for you.

Our programs deliver relevant economic and social benefits to people. You have to remind your donors of these things, and this will generate new opportunities that you do not currently see. There are people out there who have money that they want to give away, but they have not yet decided how to do so. There are public agencies that have money that they want to use in pursuit of parks and open space. There are land owners who want to save farmland. Being among donors and prospective donors will surface such opportunities.

Don't neglect influencers in your community. In addition to the 25% of time spent on donor-focused support, you should also spend at least 25% of your other time going out and building general support. You need to get out and meet and make a presentation to every civic group in your area. You need to have displays at the library, and you need to do all those things that may cost you time but don't cost money. You need to be engaged in such activities very seriously and that's where volunteers and board members can be tremendously helpful. Train them, get them out there, and get as much of your message out there as possible in this way. This will eventually build support, including funding support, and it will cost you little.

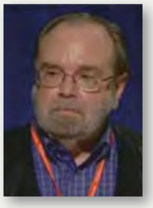
At conferences like these you will hear a lot about planned giving. Planned giving can become an oft-repeated theme at land trusts. It's important work to do, but it's not going to save your bottom line this year. That said, past work on planned giving could have saved you today; and work today can save you in the future.

We have never just counted on the success of our annual funding efforts. In fact, this year our renewals are down 30%. The reason that POST is nonetheless financially stable is that our past work on planned giving means that for 2009 we're going to come out net ahead in cash-in-the-door. The planned giving work that we've done consistently over the years now delivers benefits that are really critical to us now. My advice to you is that if you're not doing planned giving work, then you absolutely have to be doing it and there is no justification for delay.

Finally, I believe in visualizing the outcome. I would urge you to visualize these great things for your land trust. I know this is a little hokey but I do it and I believe in it. Visualizing the outcome stops you from being too anxious, and encourages a forward looking attitude. I think if you can see something in your mind then you can get it. These next years will be years of great opportunity, and if we see it that way and act in that way, then these years will be great ones for the land trust community.

Audrey Rust is the President of the Peninsula Open Space Trust (POST). Operating in one of the most biologically diverse metropolitan areas in the United States, POST has protected more than 63,000 acres of conservation land, and also undertakes stewardship of some 15,000 acres held by the organization. She can be reached at arust@openspacetrust.org.

The Role of Board Members in Strengthening Their Organizations



David McMurray
Co-chair, Northern Region Land Trust Council

For 21 years I've been on various land trust boards and various organizations and it's from that standpoint that I want to speak about the role of boards, and to board members that are here in the audience.

Darla asked if I could comment on a few behaviors and attitudes that board members might take up in this pressured time that would help land trusts to remain healthy and that would advance our mission. In preparing for this discussion I talked with Executive Directors, development people, Board Chairs and board members, and what I'm going to say is to a certain extent a summation of what they said to me and my own experience as a board member.

When an organization or an organism is under stress there's a tendency both psychologically and biologically to pull back. But if we give in to stress at a time like this and if we do not struggle to stay conscious and involved in reaching out to others, then we will lose our feelers, our contacts and our relationships with the people around us. This is never a good thing for an organization and we just can't afford the luxury of withdrawing. To board members in particular, I would advise doing the exact opposite of what your body and mind might be telling you to do. Move in closer. Become more involved. Give more time to the organization. And give more money.

I'm assuming every board member in here has a job description that the organization has created for you. One of the expectations of board members is that they contribute financially to the organization. 100% of the board members in the organization should be giving. If you write a check each month for $100 to the organization make it $125. Or if you're thinking about giving to the organization through your will go ahead and make that concrete and write in that $10,000 or 5% of your estate or whatever you're intending. As a board member this is a really good time to step up. It can really help the organization.

Second, talk to staff. Talk to the board President. Talk to other board members. Talk to the Executive Director. And listen. Offer to help. This is a time to strengthen your communication, your knowledge and your involvement with your land trust. It is a time to strengthen relationships among people that support the organization. It's a time to try to create a tighter knit in the fabric that supports the organization.

Third, if you are a board member with a special skill that you've been holding back, if there is something in your background that could contribute to the organization or you have a special interest, get involved around that interest or skill right now. Show that you care. If your background is in real estate, then you can make a tremendous contribution by exercising your skills in that area. If it's in ranching or in business management or in finances then get involved from the standpoint of that interest and do that now. The organization is really going to appreciate it.

Fourth, know what projects are going on — what's up right now in the organization. Know what events and projects are planned and talk to the public about it. If you know the organization and what's going on right now, then it's time to approach donors with your enthusiasm and find out if there's anything that they might do. Become a more active advocate is what I'm saying. Even though it's a difficult time, keep your land trust at the forefront of your thoughts and at the forefront of the thoughts of donors. Visualize where you think the organization will be in a year and where you'd like it to be in two years. Involve others in that vision.

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Fifth, and this is really the big one where I think most of us as board members blow it badly, insist on knowing what's going on in the decision making core of the organization and particularly around finances. A big part of your job description and part of your responsibility as a board member lies in this area. Boards really do carry responsibility for the finances; it's where we are legally responsible. So ask questions and then ask them again until you are satisfied that you know what is going on. Leave board meetings feeling like you know about the organization's finances now and into the future.

I've said 5 things that I would like to summarize: don't withdraw, communicate proactively and become more involved as an advocate and fundraiser, step up with special skills, know the details of events and activities so that you can communicate accurately and excitedly with donors, and insist on knowing the finance area of the organization.

My experience shows that board members that do these things will help to strengthen our organizations through these difficult times, and that these actions will help board members to make a significant contribution to the field.

David McMurray serves as co-chair of the Northern Region Land Trust Council, and is a founding board member of the California Council of Land Trusts. He has worked with land trusts in Humboldt County for 20 years, first with Sanctuary Forest in the Mattole Valley and then as founding member and past President of the Northcoast Regional Land Trust in the Eureka/Arcata area. David can be reached at mcmurray42@hughes.net.

Adjusting to New Economic Realities

Terri Corwin
Executive Director, Land Trust of Santa Cruz County

I come to this business through a career in public accountancy and corporate finance. I've been in this business for 4 years and love it with all my heart.

Between 2003 and 2009 our little land trust has grown from 2 to 8 staff people and in that time we increased our operating budget from about $300k per year to $1.6 million projected for 2009. We do not have much in the way of financial reserves, but we do have a couple of one million dollar pots of money on our balance sheet that are restricted, and I want to get back to that later. I hope that some of our experience will resonate with others in the land trust community, and maybe you can see where your land trust fits into this kind of picture. My own experience is that the last 4 years have been exactly like my start up experience in high tech. We are lean, we are smart and we work very hard, much like such a startup.

We are all facing some very tough financial realities, but I'm not even going to make some of the normal recommendations, such as to cut expenses, because we don't have much to cut. Some of you may not either. My survival advice comes down to 6 things:

First, and this is the very hardest, is to face facts.

If you're in a leadership position at a land trust and everything's been going great and you've been enjoying success, then to see the chart start going down is a really sickening feeling. It takes a lot of courage to just sit down and take a sober look at what is happening with your organization financially. So I would encourage you to gather all the data you can. What are the trends in your contributions? What is happening with the funders that you've been working with? I encourage you to create a 12 month rolling cash forecast that is realistic and that will keep you abreast of trends. It doesn't have to be a complicated tool.

Once you have gathered the facts and have created that cash forecast, chances are that what you see scares you to death. But this kind of fear is good, because it is the opposite of denial. Denial is a powerful force in human nature and it doesn't help to solve problems. Information allows you to face fear and channel it into addressing problems.

The second piece of advice I would give to you is be brutally honest with your board and your staff. In December of 2008 our development director Stephen Slade made a high and low projection for contributions. Now, 2 months later, we've looked at the low end and we have agreed that the low end looks very high. This is scary stuff, but you have got to face it and reshape that forecast. So as you see things are not shaping up as expected, you gather new data and you bring your forecast down. You know exactly where you are; you are not happy with it, but there you have it. My staff knows exactly where we are, and some of it is not pretty. In the 4th quarter of 2008 we were down 38% over the prior quarter. By Q1 of 2009 we're in better shape, and are up at 21% thank goodness.

But half of our major donors fell off the cliff. These donors include hedge fund managers and people who probably will never recover in a way that would allow them to support us as they previously had. We are also facing a cash crisis, because state reimbursements are not being paid on a timely basis. So we have advanced money for projects and are simply left awaiting state reimbursement. We're also spending copious amounts of money saving projects that were already done and should have been self supporting. Other land trusts are experiencing the same kind of thing right now.

So in our board meeting, when we were still reeling from continued bad news and trying to gather the facts and when I hadn't even had a chance to figure out what we were going to do about all of this, I just shared the facts. It was one gloomy board meeting, and all the staff attended. But the interesting thing is that we came together during and after that meeting. I really felt like the board and staff became deputized in the problem-solving aspect of this. People are coming up with creative ideas and they are taking some of that burden off my shoulders. This is a consequence of honesty, and we have made the problems we face into problems we face together.

Third, I would encourage you to be creative and entrepreneurial, that is, within the context of legal and accounting rules. Evaluate your balance sheet and be aggressive as you look for different ways to address the financial issues we all face.

If you're like us you don't have pots of financial reserves. But we do have a nice pot of restricted funding. In the short term we will be aligning our priorities not the way we would normally do, but to help us to legitimately charge some of our staff time to these restricted pots of money. Another idea we are considering is asking a major donor of a restricted gift if they would consider unrestricting it. If you do that and if the donor is agreeable, you should ensure that you get good documentation that the money has been unrestricted at the donor's request.

Fourth, I would encourage you to focus on financial planning and funding diversification during 2009 and 2010. Most land trust leaders doubt that there will be much money out there to close new deals, so this might be a great time to develop other kinds of projects. We have grants from several different foundations, state agencies and federal grants, and have worked consistently to diversify our funding streams. Many of the state grants are frozen right now, and the point is that we

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are somewhat protected because we had already developed multiple sources of funding — it wasn't just one foundation or state agency. If it were, we would now be in crisis.

Select and design your projects to fit where the funding will be, not where it is now. Think of this as a soccer analogy. You don't go to where the ball is; you go to where the ball is going to be. Ask yourself, 'How can we diversify our revenue sources so that we are in the best place to accept funding from new sources, and so that we are not at a loss when money is frozen from one funding source?''

I also suggest that you design all of your projects to be self sustaining. We did this from the beginning because we didn't have money to continually fund projects. Take, for example, conservation easements that come with particular land deal projects. We require an endowment that funds such activities because we are financially unable to subsidize the monitoring, reporting and maintenance required. We call these amounts "stewardship funds", and they are included in our capital campaigns for acquisition projects. Last summer we raised $1.2 million for a single project, and that included stewardship funds. Thank goodness we did that, because funding stewardship on this project will not drain our cash reserves this year.

Fifth, I would also encourage you to consider acquiring profitable, working land in your portfolio. I was fortunate to come into a land trust with a forest that we sustainably harvest to generate revenue. We can't do it every year - we're on a 3–5 year rotation and we're not going to be tapping into that source of revenue in 2009. We also have a little bit of rental income, some agricultural revenue, and interest on our endowment.

Finally, I would encourage you to develop strong alliances. I can't underscore how important this is. Keep your foundation partners apprised of your situation, and strive to be good partners with your peers so you can ask for help when you need it.

We had a project that was due to close in January 2008, and the state funding freeze made that impossible. The landowner did not want to extend the option. It was the first of a very strategic group of three parcels in the Watsonville Slough and I needed help. So I called Audrey Rust at Post, and I said, 'Audrey, do you think you want to get in this deal?'' My staff, board and consultants, and Audrey's staff and board, all came together and in four days we saved that project. In fact, we not only saved the project, but we helped save the land trust's bacon because there were agricultural revenues and gifts associated with that deal. We will be forever grateful to POST for their help, and I hope that our land trust can sometime in the future play such a role for another land trust. This is a great community we're a part of, and I hope we can continue to help each other out.

Challenging times are nothing new to us. I believe that our success will depend on us taking these kinds of measures to ensure stability. If we collect and honestly evaluate data, diversify revenue sources, and if we are both creative in our thinking and collaborative in our approach, then we will rise to the occasion.

Terry Corwin is the Executive Director of the Land Trust of Santa Cruz County. She spent most of her career as a CPA in corporate finance for Plantronics, Brocade Communications, Core Technology, among others. Founded in 1978, the Land Trust has helped to protect over 8,500 acres in Santa Cruz County. Terry can be reached at terry.corwin@landtrustsantacruz.org.

The Power of Thinking Differently

Mark Oppenheim
Principal, m/Oppenheim Associates

My discussion is on thinking differently, and the benefits that leaders who think differently can bring to their organizations.

The biggest concern that nonprofits have today revolves around funding. The funding water-table is sinking for everyone across the nonprofit sector, and this is just as true for the arts, health & human services and education organizations as it is for land trusts.

Intense competition for funding is increasing as the funding pool is shrinking. A conventional response to this is to drill deeper in an attempt to reach that sinking funding pool. We're certainly not suggesting that you neglect this. As you can imagine, we're helping a broad array of nonprofits to find chief executives and development leaders that are very good at raising money. We do suggest, however, that the conventional act of drilling deeper is only a part of a solution to a sinking water table - or in this case a shrinking funding pool. Drilling deeper might be part of the solution, but it is not THE solution.

Another conventional response is to economize and downsize and do without. Again, this is an appropriate tactic to a point, but we can also economize ourselves right out of effectiveness and right out of existence.

If you wish to explore new kinds of solutions, you need to ask yourself whether you practice unconventional thinking as a discipline. We all say we do, but do we really? It is very difficult to systemically encourage unconventional thinking. For one thing, you will need to re-examine conclusions already reached and reinvest energy into decisions already made. For another, as soon as you systematize unconventional thinking it becomes conventional. But keep trying anyway — it can be very rewarding. The question is how to do this?

Routinely reviewing ideas that have been previously considered out of bounds is not a bad practice to consider. Thinking in terms of outcomes instead of processes also helps, as does a passionate dedication to simplicity and clarity.

Unconventional thinking rarely results in some grand and brilliant strategy. When successful, it generally starts as a tiny and expedient survival tactic. Only in retrospect do the most successful approaches survive, gain traction and appear brilliant. Think about the brilliant — now brilliant — leaders who have a reputation for unconventional thinking. Think about business, political and nonprofit leaders you might know through history; consider the genesis of their thinking. Consider how tiny those unconventional thoughts were initially and how important they are considered to be today. That could be us.

Some techniques we've seen work have risen to the stature of cliché, and I'll mention just a few that deserve some consideration in these challenging times.

- Think about adversaries as friends. If adversaries were friends what could be accomplished?
- Think about competitors as collaborators. Again the same principle applies.
- Partner where possible. It builds goodwill, provides excellent intelligence on current thinking, drives new ideas, and generates new opportunities and networks. Partnering is important.
- Plan for the worst, hope for the best, act before being forced to act.
- Radically simplify. Radically simplify. Eliminate, simplify, make routine and then do it over and over again, destroying in the process things that worked previously but don't work now.

A listing of other recently completed searches
can be found on www.mOppenheim.com.

Nonprofit Leadership Strategies for the Great Recession *(continued)*

- Think about your core and then question it. If you were about just one project, what would it be? And if you couldn't do that project, what would you be about then?
- Ask yourself questions and consider actions that make you flexible and force renewal, because in this time flexibility and renewal is going to be a survival tactic.
- Think about outsourcing, job sharing, temporary and 1099 workforce arrangements. Think about retention and other measures that will help you build loyalty and keep talented people through tough times. Think about incentive and variable compensation arrangements.
- Renegotiate agreements where circumstances that form the basis for those agreements have changed. This includes rents, contracts, restricted grants and other agreements. You'll be in the same boat as the people you're renegotiating with and sometimes the shoe will be on the foot. It will be tough, but it doesn't have to be adversarial. We're all in the same boat here. We need to figure out how to move forward, and that might mean renegotiation of even long held agreements, even restricted grants, even leases that you have just signed. With circumstances changing for us all, renegotiation is in order.
- Think about asking your people to do what they've never done before. Ask more of your people: dare them to succeed or fail after trying their best. Allow them to take some risks.
- Think about technology: do you need less, or do you need more?
- Think about what your funders value, and if they will not fund your programs and overhead then question the effectiveness of your advocacy, the value of your programs, and your need for overhead.

You know these things, of course. But in the last decade we have been on a growth trajectory and have been thinking more about our programs and less about tough measures required to survive difficult times like these. Now we have to go back to first principles. Think about how you were when you founded your organizations. Think about how you were when you were small. Think about how you were earlier in your career when you had to do things that were entirely new to yourself. And in that thinking you will find your future.

We are the solutions. It is simply a matter of thinking differently to suit these different times. If we do this, we will reinvent ourselves and forge a strong future for our organizations.

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