



**MASTERING
PHILANTHROPY**
"Serving those who serve others"

Strategically Tightening your 2020-2021 Budget

Recent months have been turbulent, taxing, and difficult while navigating a pandemic as well as recent tragic events in the Black community across our Country. This is a time of reflection, change and opportunity. As a leader in a vital organization, you must be asking yourself what can I do to ensure that our organization remains strong despite the turbulence?

Deciding on the right strategies for your organization is not an easy task. Start by gathering the right people in the room, your board and staff champions, to speak truths and challenge each other's thinking. Consider these strategies to start your discussion so your organization gets thru the unknowns of the days ahead.

1) *Don't cut your fundraising budget.* You may have to alter your philanthropy strategies, but this precious staff is a main revenue bearing limb of your organization. If you cut philanthropy staff, you will raise less revenue further diminishing your organization's impact. The better strategy lies in realigning your development strategies to increase income while broadening engagement of your donors in your mission.

2) *Prioritize Individual Donors #1*

Times of crisis and recession cause a domino effect. Corporations get hit hard, foundations have decreased funds and increased competition and funding priority is oftentimes shifted.. That is not to say you should ignore these networks, but a recommendation is to pivot your philanthropy focus to individual donors.

Individual donors are more resilient in times of economic crisis. Individuals may give slightly less than pre-crisis, but they will continue to give to causes which they deeply care about. Don't be afraid to ask them to donate. So many nonprofits want to pull back, but the smart decision is to increase your investment of time and money in engaging these donors and asking them to match and/or increase their previous giving.

3) *Be True to your Mission Messages*

Your social media, written messaging and appeals should show that you care about the donor and the donor is the reason your mission exists. They are not giving to your organization but thru your organization for something close to their heart. Continually and personally share the impact your mission has on your community. Don't change your message just strengthen it. It's okay to talk about the increased need during a

crisis but more importantly, share how you are responding to that need. Keep your message focused on your donor and your mission, not your organization.

4) *Your People Are Your Greatest Asset*

The fuel that runs your organization is your people. Remember they are going thru the same financial crisis. Acknowledge this issue and let them know you are there for them and you care about their health and welling. Layoffs may be inevitable but before layoffs, look at temporary executive level pay cuts, short term freezes to non-essential employee benefits and/or bonus freezes. It's important to sacrifice your own bottom line to avoid cutting staff. You need your team to be performing at the highest level possible and that will only happen if they feel supported. You can together get thru to the other side.

5) *Make Tough Decisions Focused on the Long Term*

You are probably saying, this sounds great, but how do I pay for all this during a crisis? If you are fortunate enough to have a cash reserve, now is the time to access those rainy-day funds. If your organization like most nonprofits, is operating on tight cash flows, you are faced with the difficult choice of where and how to cut your program budget. History tells us that some nonprofits during the 2008-2009 recession cut program budget but reinvested those dollars into direct response fundraising. A very tough emotional decision but one that in the long term proved to be the best. Sometimes the tough decision is to cut program costs leading to serving fewer people during the current year but protecting who you serve in the years to come.

A good place to start when considering program cuts is to look hard and fast at your organizations activities and create a "stop doing this list." Every organization has programs or activities that continue to be carried forward even though they may no longer be relevant or impactful. Find these activities and start the cuts there.

We are living in a world of uncertainty but one thing for certain, social impact organizations, like yours, will be needed far beyond the duration of this crisis. Now is the time to identify and cut and redirect those dollars to other activities that are essential to navigating this current crisis. It will in the long term strengthen and further your mission.

Please contact me for a free consultation on how and where to start making these tough decisions.

impactful



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