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Surviving Hard Times: A Guide for Cultural Organizations

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As a result of the current world financial crisis, nonprofit organizations of all types are rightfully asking questions about what they can do to help ensure their organization will survive what is being termed the most negative financial environment since the Great Depression. While there are no absolute answers, there are several things organizations can, and in some cases must, do to stay afloat.

WORLD VIEW ASSUMPTIONS TO CONTEMPLATE

- Recovery from these economic tough times will take a while. Don't expect the clouds to clear because of the Presidential election or government's efforts to provide a financial safety net. It's likely to be 18 to 24 months before the economy even begins to see blue sky again. Full recovery is likely to take much longer.
- It's likely that when things do return to "normal," that "normal" will look and feel different than it did before. Don't assume that everything will go back to the way it was. Be prepared to actively re-engage donors and supporters now and even more as the clouds begin to clear. Have donor management strategies in place that you can implement in a timely manner that are focused on each donor's needs and expectations.
- As *The Chronicle of Philanthropy* has reported, a recent national survey by the Grizzard Communications Group (released in September 2008), Americans over the age of 65 are likely to cut back on their giving in the months ahead. On the other hand, the same survey found that donors between the ages of 25 and 34 were likely to increase their charitable giving. The same poll concluded that 44% of the donors asked would maintain their giving at current levels; 29% (overall) said they planned to reduce giving. If your donor base has a sizeable number of senior donors in it, make a special effort to keep them engaged. This is also a good time to reach out to younger donor prospects with a creative cultivation strategy.
- High wealth individuals are likely to continue giving - even if it's at a reduced level. A 2008 survey by Prince & Associates indicates that six out of ten Americans with wealth exceeding \$30 million plan to give more this year than last. These individuals are likely to be more responsive to a clearly focused case that explains the greater community's needs in terms of facts/impacts rather than emotion.

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- The groups that come out of the challenge successfully will be those that rise to the occasion with renewed dedication to their mission, hard work, and solid strategic thinking about how to get through these tough times.

TWELVE ORGANIZATIONAL STEPS TO CONSIDER

1. Stay on your donors' radar screen. This is not the time to become invisible. Develop thoughtful and strategic ways to keep your organization in the minds and hearts of your donor and audience base. Communicate regularly and with purpose.
2. Make sure your Web site and other forms of communication reflect current information about how your organization is addressing these tough times. Don't let it appear that you're ignoring the problem. Let your key audiences know you're doing something constructive to address it and their needs.
3. Do your best to increase the level of transparency between you and your donors. Share specific information about how you are continuing to serve your mission in these challenging times. Give real and specific examples about gaps and challenges. Don't run from the problem - make your best case for enlisting the help of your donors to help solve educational, cultural, and social problems. Be specific about what kind of help you need and how their contributions will be used in creating greater impact. This is especially important as you think about your year-end fundraising appeal.
4. If your organization has a strategic plan, this is a good time to review it and check any economic assumptions made when it was created. Times have changed and it's likely that some assumptions have changed as well. Don't continue on the same course based on a different reality. This is the time to make course corrections.

Consider an extension to your plan based on the current economic situation and new assumptions about your likely financial future. Don't be afraid to reprioritize goals, remove some that are outdated, and add new ones to your list.

This is a good time to do a spot check on your organization's strengths and weaknesses, just as you would survey a house before a big storm. Consider new ways to leverage strengths and minimize weaknesses and incorporate these findings into your strategic plan.

If your organization doesn't have a strategic plan, engage people internally and externally in the reasons your organization is important and perform demographic analysis to better understand your changing market. Also discuss strategic initiatives that will have impact and assess financial and human resources needed to make them a reality. Organizations that are able to survive tough times are usually those that have a fully-developed picture of where they are going and how they plan to get there that is based on the realities of the environment in which they operate.

5. It is critical to remind your donors how important they are to your organization, without asking them for a gift. Say "thank you" loudly and often and continue to include them in public discussion about the value and values of your organization.
6. This is a good time to engage your board in helping cultivate donors and donor prospects. If your board is not as active as they should be, this is the time to let them know that an extraordinary effort on their part now will help ensure the organization's ability to weather this storm. This will also help build board confidence and bolster morale. Have specific things for board members to do, and then support their efforts and monitor progress. Oh, and don't forget to celebrate their successes, no matter how small.
7. If your organization is on track to experience a major turnover in board membership, consider taking special action if necessary that will allow your board to remain strong and stable during these difficult times. Many times the strategic planning process, if done correctly with a balance of both internal and external stakeholders, will uncover new prospects for the board.
8. This is not a good time to start new programs or initiatives that are outside your core mission. Continue to serve your major constituency. Make this commitment a part of the messaging in your communications strategy, so that your key audiences know that you remain focused on your primary "business."
9. If your organization is in the midst of a major gift campaign or initiative requiring additional fundraising, monitor your progress (or lack of it) closely and honestly. If it is clear that fundraising for the effort is lagging, work on a modified fundraising strategy that reflects the new financial realities that currently exist and their impact on the initiative. At the same time, develop a thoughtful communications strategy to position this change with donors and your other key audiences. Don't wait for the hole to get so deep that you won't be able to climb out of it. No matter what, don't disappear! Competition between organizations during times like these will be even greater than you have experienced during more stable times. It is important that your donors know your work continues and the need for their support remains constant.
10. If your organization has an endowment, this could be a good time to ask for gifts to that fund. The same is true for planned gifts that are earmarked for the endowment. Anything related to long-term legacy building for both donors and their favorite cultural organizations can be clearly illuminated during difficult economic times.
11. Think about new ways your organization can measure its fundraising success. Don't use an increase or decrease in contributed income as your only measuring device. Maintaining the same number of donors, adding new donors, and gift upgrades from existing donors that help you maintain the status quo should be considered major successes. But ultimately, measuring how the donations have advanced your programs and impact will prove to be the greatest success.

12. Every giving category is important to the bottom line, and even more so in hard times. Corporate donors account for only about 3% of contributed income to most arts and cultural organizations according to the National Endowment for the Arts. But even a loss of 3% could have a dramatic impact on small organizations. Don't wait for your corporate donors and sponsors to tell you about a reduction in their giving. Call them, make an appointment and go talk with the corporate representative with whom you work to find out firsthand about their giving plans for the coming year(s). That will allow you to plan ahead rather than react. And, if you have enjoyed a good relationship with a corporate or foundation donor, keep them in your organization's information loop so they continue to receive information about your organization and its progress, even if they are not currently in a position to fund your organization. That's the best way to cultivate them so that you can re-engage them when the time is right.

CONCLUSIONS

As cultural organizations consider the best options during these challenging economic times, please keep these overarching themes in mind:

- Don't run from the problem. Embrace the challenge with a thoughtful strategy about how to strengthen your organization's case for giving.
- Don't disappear. Make sure you are sending your donors and other important audiences regular messages that support your core reason(s) a) why they should support you, and b) how their gift has a positive impact.
- Do make sure that your current strategic plan reflects the current financial environment and responds to it with appropriate new and/or revised strategic initiatives.
- Stay calm. Be thoughtful and deliberate in the strategic, audience engagement, and fundraising decisions you make and messages you send. Ultimately, your calmness will strengthen stakeholder confidence in your organization.

***For more information on how Arts Consulting Group
can assist your organization with the challenges
posed by a changing economic climate,
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