

Boards MUST be Proactive in Responding to the Economic Meltdown

If ever there was a time when it was *not* business as usual, this is probably it. As the member of a board, you have a critical role to play in guiding your organization through this economic crisis. There's not a moment to waste.

Call a special meeting to discuss this issue, and this issue alone (your bylaws will dictate how this must be done). Make sure you block out sufficient time. This will *not* be an hour meeting. Set aside at least four hours, though better would be a day or even two. You will want time to really delve into issues, brainstorm and make strategic decisions based on data and measured against your vision and values. Even if you don't have them come for the entire meeting, consider extending invitations to non-board member stakeholders who have different perspectives to bring to the table.

Most bylaws require a waiting period – typically five days – between sending notification of a special meeting and actually holding it. Use the time to have staff pull together key numbers. These might include cash on hand in your checking and any money market accounts, your cash flow projections from now until the end of the fiscal year with a list of major expenditures coming due, the amount in your reserve and any restrictions on its use, the historical use of services from now until the end of the fiscal year, the current and projected relationships between revenue and expenses, the percentage of revenues coming from each source, critical unmet needs that currently are not reflected in the budget, commitments to funders and so on.

The above information will give everyone a sharper picture of the organization's situation. Hearing the information, some of your colleagues on the board are likely to want to spend the meeting determining how to cut operational expenses. Don't let the conversation go there. Insist that the responsibility for operations be turned over to your CEO or executive director.

You must keep the session focused on strategic issues. How well are you meeting your key commitments to the community? Are some of your programs and services more closely aligned with your vision and values than others? Which, if any, of your programs and services pay for themselves? What is the relationship between the financially viable programs and the programs most closely aligned with your vision and values? If you were starting the organization over from scratch tomorrow, what would the organization look like? Where have you been focusing the majority of your resources? Why? Where should you be focusing your resources given the financial picture

and its impact not only on your organization but on your clients? [If your revenue streams are not as diversified as they should be, what can you do today to change that?](#) Should you consider merging with another organization or sharing backroom services? If so, with what organizations should you be talking and what might you propose?

As you are asking yourselves why you are doing things the way you are, consider: Are those things necessary? Effective? Efficient? Or, are they merely habitual? How do they look to the community? What do you need to be doing differently?

You will start to see directions emerging. Don't be quick to hail any of them as the answer. Determine what success would look like in today's environment. This is a time of great opportunity. But, opportunity often carries some risk. So, consider your tolerance for risk. Generate multiple options from which to choose. Be creative. Consider how your program(s) would look if they were bigger, smaller, dealt with a different clientel or were provided by peers instead of staff. Try employing some of the techniques in the article ["Facilitating Big Picture Thinking: Taking Boards Beyond the Mundane."](#) This part of the process is where other stakeholders can be very valuable. Judge the options against your success measures, their potential benefits against their potential costs and, of course, all of this against your vision and values. While it might be helpful to have this session facilitated by a neutral party, it is not necessary.

Whatever you do, this is *not* the time to decide to let your fund raising and PR professionals go, reduce their budgets or cut off funding for campaigns. You need those resources now more than ever.

As you move forward, keep the conversation positive and focused on solutions. Believe that you are capable of determining work-arounds for the obstacles you are facing now or could be facing in the near future. Believe that even if a good percentage of your money has come directly or indirectly from our financial institutions you can come up with ways to replace those funds. It's interesting how our minds work. If you think you can keep your organization healthy during these trying times, you are far more likely to accomplish that desired result than if you allow yourselves to wallow in how tough it is for all nonprofits out there.¹

¹ Listen to a podcast that Terrie Temkin recorded with Australian governance consultant Steve Bowman entitled, ["How Boards Buy Into The Scarcity Paradigm. What You Can Do About It"](#) for more on this concept.

If you conclude you need to make some drastic changes that will impact clients or the community, spend some time determining the dialog you have to have with those who will be affected. Choose a spokesperson and strategize how to get out in front of the potential for a PR nightmare, so that your organization is driving the message, not the rumor mill.

It won't be easy, but following these steps should help get your organization through this immediate crisis. Assuming you escape this bullet, do not breathe a sigh of relief and go back to life as you have known it. Other situations are likely to crop up in the future that have the potential to be even more damaging to your organization. Build strategic conversations into all your board meetings and strive to stay ahead of any flack.

Terrie Temkin, Ph.D. is an internationally-recognized governance and planning expert. She is a founding principal of CoreStrategies for Nonprofits, Inc., which interweaves governance, board development, fund development, PR/marketing and public policy to strengthen organizational capacity. She invites your questions. Contact her at 888-458-4351 Ext. 3 or TerrieTemkin@CoreStrategies4Nonprofits.com.