

## **Executive Summary**

### *MANAGING DURING ECONOMIC RECOVERY: STRATEGIC DEVELOPMENT AND ORGANIZATIONAL CHALLENGES FOR NONPROFIT LEADERSHIP*

#### ***INTRODUCTION***

In order to better serve the nonprofit leadership in the greater Washington region, Schultz & Williams launched a series of discussions with a group of leaders from the non profit sector covering a range of organizations representing the environment, conservation, arts and culture, education, international and domestic policy, and social services. Our goal was to identify the critical strategic development and organizational challenges confronting these leaders as the economic downturn began to dramatically impact institutions and their donors during the first half of 2009. According to *GIVING USA*, overall giving in 2008 was down from the previous year by 2 percent or \$6.4 billion, the largest decline in giving since record-keeping on the subject began. The Schultz & Williams team wishes to thank the extraordinary individuals who participated in these discussions, whose commitment and depth of knowledge are exemplary.

#### ***STRATEGIC DEVELOPMENT AND ORGANIZATIONAL CHALLENGES***

During the course of our discussions, the following critical issues emerged:

##### **● Board Leadership.**

Perhaps the most significant issue identified by every participant was the level of engagement and philanthropic leadership provided by the organization's Board. The range of Board engagement and levels of giving was significant, with some institutions committing several years to building their Board leadership and philanthropy. Most institutions that were either planning or completing campaigns were committed to Board engagement. Building pathways for recruitment, engagement and philanthropic leadership was a clearly articulated issue for almost all participants.

##### **● Development Staff Recruitment , Job Definition, and Training**

As we conducted our discussions this past spring, staff cuts in both development and communications were beginning to be felt across the region. This event underscored several issues related to development professionals: 1) development staff responsibilities and goals/objectives are often not well defined particularly as it pertains to Board engagement and stewardship; 2) the critical skills and experience necessary for various development positions is often not clearly defined; 3) the pool of experienced development professionals is limited; 4) appropriate training for all levels of development work is not strong.

## ● Communications

One of the key strategic issues to emerge from our discussions was the role of communications in the success of development strategies. Overall, many organizations have been examining the positioning strategies for their institutions with donors. Particularly in this environment, institutions identified finding their “niche” as one of the most significant challenges, particularly as budgets shrink and revenues decline. Virtually all of the participants in our discussions had a strong Case for Support and most had a clear sense of the need to articulate a strong case for donors. What was less clear was the means for communicating that case in a targeted and meaningful way across the spectrum of stakeholders.

## ● Planning

As organizations find themselves at a standstill because their strategic plans were created in a time of economic affluence, many institutions have identified the need to evolve a new strategic plan that will take a level look at the current economic realities, merging conservative forecasts with opportunities in the marketplace. We heard that there is little institutional interest at the Board or staff level to engage in a lengthy strategic planning process, but many institutions were envisioning a shorter, more agile approach to planning that would identify realistic opportunities and new initiatives. A need to project a range of scenario-based outcomes was also identified.

## ● Stewardship

One of the outlier issues mentioned in our discussions was that of stewardship of long-time Board members and donors. Many participants indicated that this work had been overlooked and not well done in their organizations. They felt that an area to focus on during the economic recovery was a new emphasis on impact reports to donors, transparency and the creation of new, intellectually rewarding, donor interactions. Travel, lectures and new ways of engaging in the programmatic elements of an institution emerged as new ideas for donor engagement.

## ● Technology

The technology issues within the nonprofit community range from the use of appropriate software for data management, research, online fundraising, staff training, appropriate levels of investment to the importance of the internet in building a community of stakeholders that is integrally connected to each other and to the organization. The issues most frequently cited were the future of online fundraising and the use of the internet as a communications tool.

## *CONCLUSION*

What emerged from these discussions was the clear need for a new paradigm on many levels of nonprofit development leadership. The “not business as usual” approach needs to be defined. During this recovery, extraordinary leadership by Boards and senior management will be essential. Economies of scale will need to be developed as philanthropy and communications teams work closely together. The development professional’s toolbox will need to be more clearly defined as well as responsibilities, goals and objectives for senior management from all areas as they relate to advancement. Planning and processes coupled with agility and flexibility will need to have priority. Every nonprofit’s strength – its mission and vision—will need to be well articulated in lively new ways. The Schultz & Williams team is working diligently with nonprofit leaders across the country to define this new paradigm.