

Nonprofit Strategies



SAN LUIS OBISPO COUNTY COMMUNITY FOUNDATION

Stay focused in tight times

By Barry VanderKelen

Last week Federal Reserve Chairman Ben Bernanke admitted that the “economy is in a difficult period” and a recession is possible. This is not news for local nonprofit organizations. The cavalcade of dismal local, state and national economic news has made times challenging for them. So how does a nonprofit organization navigate tough economic times? I asked Israel Dominguez, director of the Cuesta College Small Business Development Center, for some strategies. While the center works directly with for-profit enterprises, the same principles apply to those that are nonprofit. After all, nonprofit organizations are businesses, and most local ones are small. Dominguez is quick to say that three things are vital if an organization is to survive the current economy: cash flow, reaching target audiences and a strategy that integrates current business, future business and overall organizational health. If an organization is focused, it will survive the tough times and be positioned to take advantage of the good ones that will follow. First and foremost, however, a nonprofit business must have a plan. “If it

doesn't have one already, the organization must develop a business plan or strategic plan,” Dominguez says. “The plan must thoroughly assess everything about the organization, including marketing and operations. It is this analysis that will guide strategic decisions.” One might think that cutting costs across the board may be the simplest way to ride out tough times. Dominguez thinks otherwise. “Now is the time to refocus on target markets and existing customers. Organizations need to become more creative in generating revenue,” he says. “Most small businesses do not understand their competition and do not think imaginatively about expanding their customer base. Now is not the time to be scaling back on marketing.” How does an organization increase marketing without sacrificing other functions? “There are probably areas that can be tightened up in order to support new sales/donations,” Dominguez says. “Realizing more operating efficiency through integrating new technologies may be one way.” Dominguez says that focusing on cash flow becomes increasingly

important during economic downturns. Customers are facing the same issues, and organizations need to be flexible. Extending payment periods will help build long-term loyalty. “Businesses that paid attention during the good times are able to seek lines of credit or short-term financing if cash flow is tight,” he notes. “This debt can support marketing activities, can expand product lines to reach new customers and to adopt new technology to streamline operations.” The Cuesta College Small Business Development Center is available to help all small businesses become more effective and efficient. Information can be found at www.smallbusinessinfo.org. In tough times, donor relations become even more important. People will continue to give, but they might give less or ask for a longer payment period to complete a pledge. Keeping a donor involved is less expensive than trying to acquire a new one, or reacquire an old one. Nonprofit organizations that have a business plan and make strategic decisions that make operations more efficient while reaching out to target audiences will quickly bounce back once the economy turns around.

Resource Use

- Support nonprofit leadership
- Board development/training
- Strategic planning

Nonprofit Business Column of The Tribune

The San Luis Obispo Tribune publishes a column every other week in the Business section dedicated to the business practices of nonprofit orgs. Barry VanderKelen, Executive Director of the San Luis Obispo County Community Foundation writes the bi-

weekly column to help strengthen nonprofit organizations in the community. Each column is reprinted here as a one-page handout for use by local organizations. Barry can be reached at 543-2323 or by e-mail at barry@slocf.org.