

Nonprofit Strategies



SAN LUIS OBISPO COUNTY COMMUNITY FOUNDATION

Budget cuts force groups to re-examine services

By Barry VanderKelen

Gov. Arnold Schwarzenegger's proposed budget for the state includes funding cuts that will affect local nonprofit organizations. For example, if the budget is adopted as proposed, fewer poor families will have access health care.

These cuts have a twofold effect on nonprofit groups.

First, the needs of locals remain even though funding for services is reduced. Second, requests for services will likely shift from government agencies to nonprofit groups, requiring them to do more with less money.

In response, nonprofit groups may have to concentrate on key programs and services at the expense of other ones.

They also may need to ask individuals and businesses to increase donations to replace some, if not all, of the state's funding cuts.

How does a nonprofit organization make a compelling case for support without coming across as being in crisis?

I asked local resident Barbara George, senior counsel for Netzel Associates, a nonprofit management

and consulting firm.

"It's important for the nonprofit to be clear about its mission and vision," she says. "Everything flows from the mission and vision.

"For instance, the mission and vision will help everyone in the organization understand the impact on the community if a program or service is reduced or eliminated," she adds.

By clarifying the mission and vision of the organization, George says, the board and staff will clearly understand what programs and services are at the heart of the organization.

If programs or services need to be reduced, the mission and vision will help the board make informed, strategic decisions.

George suggests that the board write a one-page case for support. Keeping it no longer than one-page makes it easier for the group to state clearly and consistently why the group needs—and deserves—donations.

The case for support needs to explain why the organization is vital to the community.

"Something that may be vital may not be obvious (to the public)," she

says.

Most difficult to fund is operations of the organization, a challenge even during good economic cycles. "An organization's closest friends understand the need for unrestricted gifts, the key is to convince a larger circle of people to support core operations," she says.

Treating the cuts as a crisis will affect the organization's reputation, George says.

"Donors want to know that their money is being used wisely; a crisis does not give donors confidence that the nonprofit is managing well the tough economic times," she adds.

Moreover, this may be a good time to explore mergers; scarce resources may accomplish more if organizations share administrative functions. State budget cuts may feel like a crisis to nonprofit organizations. By not panicking, an organization can emerge from the current phase of the economy stronger. The key is to focus on core programs and services and make a compelling case for support.

"Donors will appreciate that the organization understands itself," George says.

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.