



Nonprofits deal with bad economic times

By Barry VanderKelen

The state Legislature is trying to fix an \$11.2 billion gap in the budget. For many local nonprofit groups, this means additional reductions in programs and services.

"We are all a little staggered that the state budget just passed and it was so far off the mark," Grace MacIntosh said.

MacIntosh is co-chair of the United Way's Agency Advisory Committee, a group of nonprofit organizations that receive funding from the United Way. She is also executive director of the San Luis Obispo County Chapter of the American Red Cross.

"Even though the (size of the gap) is staggering," MacIntosh said, "for nonprofits reliant on state money this should not be too surprising. We knew (the state budget) would get worse. We've already been surprised once, and we have to be prepared for it to continue to deteriorate."

For a few months now, "the advisory committee has been discussing ways nonprofits can cope with the increasing requests for assistance during a time of steeply declining revenue," MacIntosh said. "Nonprofits can take control of their futures. Collaboration

is the key."

"The economy is forcing us to collaborate," MacIntosh continued.

She used her experience as an example. The local Red Cross chapter has consolidated much of its accounting and record-keeping functions with nearby Red Cross chapters. All members of this collaborative are now able to spend more on vital programs.

"People don't change unless they have no other choice," MacIntosh observed. "It isn't so much that nonprofits don't want to collaborate, it's that our service delivery and other work prevent us from building collaborative relationships."

From MacIntosh's perspective, actively seeking new ways to reduce costs and deliver services presents a dilemma.

On the one hand, staff may see the opportunity for collaboration before the board does, but staff is engrossed in the work of the organization.

Board members may have the time to build new relationships, but they aren't as deeply engaged as is staff.

"Staff has a duty to help boards understand the benefits of collaboration," she said.

Unfortunately, overcoming board resistance is difficult.

Another example of a successful col-

laboration is the partnership between the Food Bank Coalition of San Luis Obispo County and Senior Nutrition Program.

The nutrition program has adjusted its menu to take advantage of excess food collected by the food bank.

The food bank gets more food into the community, and the nutrition program has reduced the cost of its meals.

Too often nonprofit organizations equate collaboration with merger—the extreme of the collaboration continuum.

Boards might fear losing control of their responsibility to fulfill their organization's mission if new partnerships are developed.

In the examples of the Red Cross and Senior Nutrition Program, both organizations have reduced costs and increased services without compromising the organization.

I encourage everyone involved with nonprofit groups, especially board members, to find new ways to conduct their work.

Requests for services will continue to increase, and revenue will continue to decline.

As MacIntosh observed, "Things won't get better for a couple of years." Without innovation, fewer people will receive the services they need.

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.