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Nonprofit Strategies



SAN LUIS OBISPO COUNTY COMMUNITY FOUNDATION

Thoughts for a new year

By Barry VanderKelen

Some things to think about in the new year:

- Nonprofits need to be better storytellers. Donors are focusing on impact, and nonprofits need to measure and communicate the effectiveness of their work in more compelling ways.
- Nonprofits need to be more honest about the cost of running the organization. Allocating sufficient resources to programs and services will improve effectiveness and impact. Donors consistently report that they are attracted to well-run nonprofits.
- An important benefit of focusing on impact is it puts administrative costs in perspective. If there's no other way to measure effectiveness, donors

will focus on "overhead." An intense focus on administrative costs leads to such abuses as low wages, long work days, and unsafe working conditions.

- Patience will continue to be tested. Numerous indicators suggest the economy is improving. But the pace of the recovery is slow. While the unemployment rate, manufacturing and retail sales are all leading indicators of economic vitality, nonprofit strength is a trailing indicator. Be patient; things are getting better.
- Ironically, vulnerability of nonprofits increases when the economy is picking up momentum. Reserves are low or depleted, and requests for services remain high while funding hasn't returned to prerecession levels. Board members

and staff must acknowledge their weariness, stay focused on their mission and, most importantly, remain supportive of one another.

- The two new corporate forms in California — the "flexible purpose corporation" and the "benefit corporation" — give new options for nonprofits. These new types allow the formation of corporations that pursue both economic and social benefit. Up until now, a corporation had to declare its intentions to pursue economic benefit (traditional for-profit model) or social benefit (traditional nonprofit model). Some nonprofits may want to explore changing to one of the new types of corporations.

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Resource Use

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

Nonprofit Business Column of *The Tribune*

Barry VanderKelen, Executive Director of the **San Luis Obispo County Community Foundation**, writes a bi-weekly column to help strengthen nonprofit organizations in the community. Barry can be reached at 543-2323 or barry@slocf.org.

The Tribune publishes the column every other week in the Business Section.

Each column is posted as a one-page PDF available for use by local organizations at www.slocf.org/nonprofit_strategies.php.