

RECESSION TOOL KIT

Empowering nonprofit leaders to navigate effectively in the new economy



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MARYLAND
ASSOCIATION OF
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NONPROFITS NOW:
ADDRESSING THE CHALLENGES OF A CHANGING SECTOR

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OVERVIEW OF THE RTK

The rapid changes to the economy, shifts in demand for services, realignments of funding structures, and reductions in available resources offer both threats and opportunities to nonprofits and the people that they serve. The need for high quality services in most parts of the nonprofit sector is dramatically increasing, while resources for this work are stretched thin, and historically reliable income sources are becoming less so.

One thing is certain -- nonprofit leaders need to adapt to an ever changing landscape by focusing on core mission and programming, demonstrating impressive results, motivating the team around them, and communicating regularly with key stakeholders.

This **Recession Tool Kit (RTK)** is a 5-Step process that focuses organizational leaders' attention on articulating the recession's impact on their organization and provides a framework for planning realistically for the future. The 5 Steps are:

Step 1 - Get Grounded - Revisit your mission, vision, and values -- so that they are the compasses by which the board and staff will make strategic decisions.

Step 2 - Collect Data for Strong Decision Making - Assess the recession's impact on your finances, programs and human capital with attention to both the internal and external environment.

Step 3 - Analyze the Data and Trends - Identify the most critical issues to the organization in overcoming recessionary pressures.

Step 4 - Identify Solutions - Conserve your limited resources and make them go further.

Step 5 - Adopt an Action Plan - Move forward deliberately and with confidence.

In addition to the 5-Step process guide, this initiative includes a **RTK Resource Guide** with the best available information on how nonprofits can retool, strengthen their capacity, and make wise decisions for tackling the new economy.

GETTING STARTED

Because this is a time of high anxiety, it is essential for nonprofit leaders to be deliberate and sensitive in their approach to organizational change. Advance preparation is necessary before starting the formal 5-Step process in order to fully benefit from the effort. The work needs to be done quickly in order to effectively mitigate the effects of the recession on your nonprofit in a timely manner.

TASK 1: Commit to a 6-10 week timeframe for completing the RTK process.

For managing the RTK process, assemble an “RTK Team” of the key people who will be responsible for following through with the 6-10 week commitment. Team members will be involved in collecting data, analyzing trends, and making decisions on actions for the organization to take. Teamwork that draws on the strengths of your staff, volunteers, and board is critical for achieving the best RTK results. Your RTK Team drives your decision making process and should be one that works for your organization.

Timing	Step
Week 1	Kick off meeting with RTK Team Communication to staff and stakeholders
Week 2	Get Grounded Meeting RTK Team decide how to gather data
Weeks 3 and 4	Gather Data
Week 5	RTK Team Meeting to analyze data and set priorities
Weeks 6 and 7	Develop solutions for priority issues
Week 8	Board approval of solutions
Week 9	Action planning
Week 10	Finalize and communicate the plan

TASK 2: Select RTK Team members based on the following criteria:

- ▶ The RTK Team should include the senior staff of the organization who are responsible for finances, management, and programs. Each person will commit to devoting a significant amount of time to the process over 6-10 weeks in order to finish the process quickly.
- ▶ The RTK Team will analyze the information and make recommendations for solutions to critical issues that they uncover.
- ▶ The board will discuss and approve the RTK Team’s recommendations. Note that your board may need to schedule a special meeting in order to address this step.
- ▶ The Executive Director will approve the final, detailed Action Plan.

In addition to your RTK Team, identify the people who are most critical to the success of the organization – the board members, staff, and volunteers. Make sure these people are considered throughout the planning process and empower them to help make the decisions that are critical to the organization’s future.

TASK 3: Select a team leader.

Although the team is made up of committed individuals, a clearly identified leader is needed to facilitate the work of the team. This person will keep the team on track and provide the needed authority to keep the process moving forward. This person should be in a position of authority, have good facilitation and project management skills, and have the respect of the organization.

TASK 4: Set the tone.

Be open and transparent about what you are doing, and proactively work to keep people engaged, focused, and action oriented. A communications plan for informing the staff, volunteers, and board about the RTK process, findings, and decisions is essential. Decide how the organization’s different constituencies will learn about the process and communicate this before launching into Step 1. Provide an overview of the 5-Step RTK process and background reading on the effects of the recession before you begin. Use the **RTK Resource Guide** as a source for valuable information that will help create a consistent understanding of the recession as well as the RTK process.

The **RTK Resource Guide** (Section 1: Background Reading) has some excellent articles and websites on this topic. “Managing in Tough Times: 7 Steps” by the Bridgespan Group is highly recommended reading to help orient the team to recession planning.

TASK 5: Gather critical documents.

Below is a list of items to gather that will be helpful for starting out the RTK process. If they do not exist, don't worry, just collect what you have.

- Organizational Chart showing programs
- Staff Chart with names and titles
- Mission, Vision and Values Statements
- Strategic Plan
- Annual Action Plans
- Program Plans
- Approved budget
- Recent financial statements
- Current cash flow projection
- List of current grants
- Annual Report
- Personnel Policy handbook

Once all this is in place, you are ready to begin Step 1 of the RTK Process.

STEP 1 – GET GROUNDED

PRODUCT: DOCUMENTED CONSENSUS ON DECISION MAKING VALUES

Peter Brinckerhoff, author of the Mission-Based Management series of books, often says there are two rules of nonprofits. The number one rule is “Mission, mission, mission.” The mission should be the driving force in all organizational efforts. And, quite appropriate to the topic of the Recession Tool Kit, Brinckerhoff’s second rule for nonprofits is “No money, no mission!” Nonprofits must always pay attention to both money and mission, but mission must take precedence. During a recession, it is more important than ever to have total clarity on the core mission, vision, and values of your organization and to avoid “mission creep” that expends vital resources on ancillary programs.

Step 1 includes revisiting the organization’s mission, vision, and values in order to affirm that they are the compasses by which the board and staff will make strategic decisions. The mission and strategic direction will guide decision making when the waters get choppy in the sea of this recession, so you can chart a course that determines which of the organization’s programs and outcomes are essential to fulfilling its mission.

Task 1: Assess Mission, Vision and Values.

Start by examining the organization’s current mission, vision, and values with the RTK Team. The **mission** of an organization is a statement that is meant to communicate the purpose of the organization – why the organization exists. Mission statements include what an organization does and for whom. Mission statements may also include why or how an organization does its work. The **vision** of an organization describes what will be different as a result of the organization achieving its mission. **Values** are the principles that your organization believes are most important in your work. The organization’s board, staff, and volunteers should use these statements to guide their decision making and actions on a regular basis, and, ideally, they should have been developed or reaffirmed by your board recently.

The RTK Team, acting in a manner akin to a strategic planning committee when the organization is involved in a long-range planning process, needs to decide if these guiding statements are still helpful and relevant. It is important that a shared understanding of the mission and values exists among all those involved in this process. The statements must also be robust enough to provide direction when faced with challenging decision. To help determine how well the mission and values are likely to serve as effective decision making and prioritizing tools consider the following questions¹:

¹ If you do not have all three in writing (mission, vision, and values), or you use different terms to describe your core purpose, or these statements have not been reaffirmed by the board in the last year -- then use the most current versions of whatever you use to make your decisions and market your organization.

- ▶ Does your mission clearly reflect and articulate the core purpose of the organization? The organization’s core purpose should make it clear to others why the organization exists and what it does.

- ▶ Does your mission align with the work that the organization currently does?

If not, is this because the wording of the mission statement is out of date, or not in synch with the board’s wishes? Has the board already identified that the mission needs rewriting? For information on how to fully develop a mission statement, refer to the **RTK Resource Guide** (Section 2: Getting Grounded).

Or is the organization experiencing mission creep? That is, do some the programs fail to directly address the organization’s mission? Does the organization need to consider whether the program is truly core to what the organization wants to accomplish?

- ▶ Does the mission provide guidance on limits for the work of the organization, such as targeted issue area or targeted geographic area?
- ▶ Does the vision statement provide guidance on what is most important for the organization to accomplish in the long run?
- ▶ Do the people of the organization have a clear understanding of the underlying values of the organization and how they impact difficult decisions regarding programs, staff, management, and resource allocation?

If the RTK Team decides that the organization’s mission and values statements need fine tuning or they need to be better understood, then the Team needs to engage in a fast track process to work on this. Focus on mission and values – and not vision -- given the short time frame. The **RTK Mission and Values Articulation Tool** (below) will guide you through this process.

This is not the time to engage in a comprehensive rewrite of the organization’s mission, visions, and values. If the RTK Team feels this is necessary, then this should be identified in Step 4 as a “solution” and be one of the first RTK action items to address.

Task 2: Complete RTK Mission and Values Articulation Tool.

Gather together key organizational leaders: the RTK Team members, board members, key staff, and volunteers for a 2 hour meeting. Five to 10 people are ideal for this process. At least a few of these individuals should be board members. Choose someone to serve as facilitator – this person should be someone with experience in leading discussions, thinking and writing “on their feet”, and someone who is seen as “neutral.” It could be the RTK Team Leader or someone else who is best suited to the task.

Mission

1. The RTK Team Leader should explain why the Team felt that the mission needs to be revisited. This may include things like the mission is too vague, or too specific, or does not take into consideration new work in xyz area, or mission creep may be a problem.
2. The facilitator should write these reasons on a flip chart and ask the rest of the group for additional critiques of the mission statement.
3. The next step is to come up with solutions to the issues raised. This will be accomplished by breaking up into small groups to answer the mission questions of “what do we do” and “for whom?” (Optional: include “why” or “how”). Each group should write its top 2-3 ideas on the flip chart.
4. Then the groups should report out their recommendations. Invite the whole group to reflect on the new ideas. The facilitator should begin to put together some of the most compelling components into 2-3 draft mission statements. By show of hands, determine which one is most favored by the group. The goal is that everyone will agree that this statement provides enough focus upon which to make key strategic decisions about what the organization should and should not do.
5. Someone on the RTK Team would be responsible for wordsmithing the statement within a few days.

Values

Values statements describe what the organization holds dear. Values are enduring and apply to all aspects of the organization’s work, from how programs are operated to how staff meetings are run. Values are the standards and aspects of the organization’s work that are non-negotiable. Values often inform the assumptions that exist in the organization. When considering what values “matter,” try to determine not only the individual or personal values that may be tied to emotion or belief, but also organizational values that shape how the organization operates (i.e. all decisions are made through consensus).

1. Place participants in pairs to develop 3-4 statements of core values.

For the RTK process, it is important to identify the values that will most impact recession planning. Values to consider are trust, transparency, teamwork, fairness, equity, thoughtfulness, cooperation, and inclusiveness. Since any changes made to the organization will potentially have a significant impact on your clients, customers, and employees, consider the values that are most important to how you work with people.

Statements should begin with “We believe....” The pairs should write the statements on newsprint paper.

2. Each pair reports its results to the full group, and the facilitator should highlight the key words in the values statements.
3. The facilitator will help the group categorize and combine the results into themes.
4. The next step is to discuss each of the themes and what they mean for the mission and programs of the organization. Discuss whether any of the values conflict with any current programs or issues facing the organization.
5. The group should come to a consensus on which values statements will guide the RTK process.
6. Someone on the RTK Team will be responsible for wordsmithing the statements within a few days.

Board affirmation of the mission and values is useful prior to the completion of the remaining RTK steps—since recession planning hinges on understanding the organization’s core purpose. If the RTK Team has determined that the mission statement should be changed, then the board should have final approval. In an ideal situation, you will have the board meet to approve the suggested modifications. Since RTK is a fast track process, you should schedule this special board meeting to coincide for when you think you will finish Step 1. You can also move ahead and complete Step 2, which is gathering data, before you have that board meeting to approve the new mission statement. In addition, the organization should take care to address any required IRS reporting of changes to the mission statement.

At the end of Step 1, you should have a clear understanding of your organization’s mission statement and the values that will provide the focus needed to make critical, and potentially difficult, decisions. It is important to communicate these ideas to key stakeholders that need to be kept informed of the recession planning progress.

For more tools on how to ground your organization’s work in robust mission and values statements, refer to the **RTK Resource Guide** (Section 2: Getting Grounded).