



# Securing Your Nonprofit's Financial Future

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# Foundations for a bright financial future



## Last year, we predicted that 2020 would be the year of the **Enterprise Resource Planning (ERP)**.

And the reasons were clear: cloud adoption had reached a critical tipping point as organizations invested in digital engagement and aligning business systems in the cloud. Faced with high operating complexity, competition for funding, and growing need to demonstrate impact, the nonprofit world is now also dealing with increased financial uncertainty and fluctuating service demands because of COVID-19. Meaning now, more than ever, it's time to invest in streamlining back-office processes.

But how do you make the business case for a big scary project like ERP?

Nonprofits often have trouble making the case to invest in what is seen as back-office administrative systems. However, the costs of not investing might be higher than you realize. Legacy Finance and HR systems are often fragmented with poor integration to other systems and clunky processes that make completing simple tasks like timesheets and expense entry difficult. You may also have trouble tracking and allocating spending accurately to the right projects and grants. Never mind having the data and analytics to make quick, even predictive, strategic decisions and changes.

But, consider...

- **The waste on sub-optimal grant allocation** – The ability to link direct and indirect expenditure against the best funding source, considering all grant conditions, optimizes funding and enables more accurate donor reporting.
- **The impact of project overspend** – Proactive budget checking on transaction entry and workflow approvals ensure unrestricted funds are protected from project overspending.
- **The time your people spend on data entry** – It's still common for data to be captured manually in multiple systems. **Modern ERPs** streamline data entry enabling people to do more meaningful, creative work that inspires them.
- **The cost of organizational change** – The unpredictable nature of delivering social impact programs means that nonprofits must continuously pivot and adapt to ensure they are maximizing their impact. An agile back office is essential to enabling responsiveness.

With a modern **cloud ERP**, purpose-built for nonprofits, you can mitigate these risks while also benefiting from a solution built on our true SaaS People Platform, which Holger Mueller has said is “**one of the most innovative ERP platforms on the market.**” Benefit from constant upgrades and configuration options purpose-built for the specific needs of nonprofits, that won't require IT intervention or maintenance like the customizations of old, and a community of like-minded users. You could see savings in a matter of months.

**Learn more** about the true cost of doing nothing and our free Business Value Review service. Plus, the real benefits and a sample business case in on-demand webinar, *'The True Cost of Doing Nothing: Making the case for modern cloud ERP in Nonprofits.'*

For more information, go to:

[unit4.com](https://unit4.com)

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# Securing Your Nonprofit's Financial Future

**N**onprofits have been hit hard by the nation's economic and health crises, and, as federal relief dollars run out, the situation will likely get worse. But savvy nonprofits are undertaking an array of measures to keep charitable donations flowing and ensure their earned revenue is strong. Efforts include reviewing organizational strategy, overseeing digital transformations, and improving operational efficiency. In this collection, we share guidance from nonprofit leaders who have weathered past storms to help today's leaders map a course for financial health and long-term viability – despite the ongoing uncertainty.

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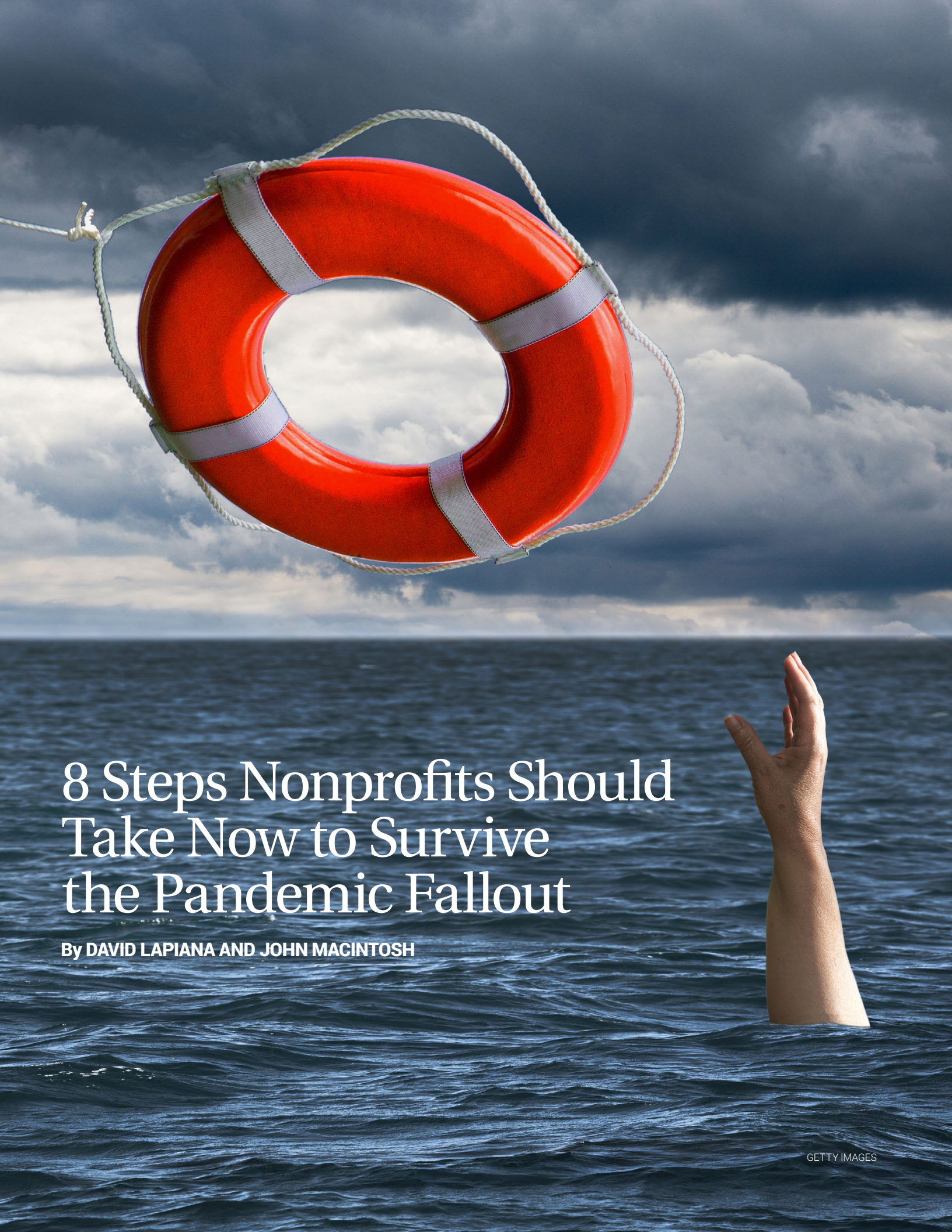
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A red life preserver with white straps and rope is suspended in the air. Below it, a hand reaches up from the dark blue, choppy surface of the ocean. The sky is filled with dark, heavy clouds, suggesting a storm or a difficult situation.

# 8 Steps Nonprofits Should Take Now to Survive the Pandemic Fallout

By DAVID LAPIANA AND JOHN MACINTOSH



**W**eeks into the coronavirus pandemic, the carnage in the nonprofit world continues to pile up. For many groups, the goal has shifted from preserving programs and staffing to just surviving, according to a [recent survey](#) of more than 400 nonprofit leaders.

Some fear the crisis will put them out of business, while at least one organization is effectively already there, having cut all staff and programs. Specifically, almost all of the 433 nonprofit executives surveyed by [La Piana Consulting](#) have been forced to modify or outright cut services. They have laid off, on average, 19 percent of their staffs, moved 83 percent of their operations to work from home (requiring unbudgeted IT investments), and shifted 79 percent of their programs and services online. Seventy percent have lost revenue, often more than 50 percent and a few up to 100 percent.

Most believe the worst is yet to come. Fifty-six percent expect additional reductions in staff, while 66 percent expect more cuts in services.

Complicating matters further, many nonprofits' reliance on self-funded unemployment insurance — seen as a good bet when only limited layoffs might be necessary from time to time — has become a dead weight for those facing massive employee layoffs. Many nonprofits can afford neither to pay their staff nor to lay them off.

## 8 KEYS TO SURVIVAL

What can nonprofits do in response? [SeaChange](#), a nonprofit lender, grant maker, and consultancy that has worked with many nonprofits in crisis, has compiled advice into a new report, *Tough Times Call for Tough Action*. It recommends the following:

**Refocus on the mission.** All decisions should aim to advance the long-term mission of the organization, even at the short-term expense of vendors, partners, grant makers, and staff.

**Understand your type of organization.** Are you a hibernator (for instance, a

shuttered arts organization), a responder (such as a shelter or food bank, where demand is skyrocketing), or a hybrid (a group that can continue operating to some degree but does not deal directly with the pandemic's effects, though it might adapt to do so)?

**Conserve cash.** Reduce expenses, delay payments, accelerate efforts to obtain cash and other revenue, and explore new fundraising opportunities. Negotiate with the landlord or take advantage of local bans on evictions; pay only the most essential vendors; ask for the next tranche of a multipart grant or for extra help from longtime donors and board members; explore new Covid-related grant and loan opportunities.

**“Tough-minded,” “hard-nosed,” and “ruthless” are not adjectives that most nonprofit leaders usually embrace, but many will need to, and fast.**

**Shorten time horizons.** Magical thinking leads to fatal delays. The executive director and board chair should speak daily, boards should meet at least monthly, and they should set up a committee to deal with Covid-19-related issues and get ready to make hard decisions.

**Explore strategic restructuring:** Explore mergers and other forms of collaboration, divestments, or even thoughtful dissolutions now; options will narrow as time passes.

**Understand the nexus of mission, cash, and control.** “Tough-minded,” “hard-nosed,” and “ruthless” are not adjectives that most nonprofit leaders usually embrace, but many will need to, and fast.

**Get help.** Get outside advice from people with relevant experience. Some boards might even consider an interim chief restructuring officer to support, or temporarily replace, an overwhelmed leader.

**Plan for the longer-term.** Don't weather the crisis only to ignore what will happen afterward. Stay in regular discussions with donors, and be realistic about the significant cuts in philanthropy and government support that are likely in the Covid-19 aftermath.

### THE WAY FORWARD

We won't know what will be left standing until the pandemic runs its awful course. Will our previously strong economy bounce back once the health crisis has passed? Will we fall into a recession and, if so, how deeply and for how long? Will government intervention continue, or even accelerate, when it becomes clear that many nonprofits may not survive a monthslong shutdown? Will philanthropy stay the course — or even increase giving beyond the immediate crisis? This uncer-

tainty is one of the hardest things to manage. "I'd rather take the current bad news than the ongoing uncertainty," one nonprofit leader told La Piana.

We believe the strategies offered here will help position nonprofits as strongly as possible. La Piana will regularly update its survey, looking for trends to help nonprofits know where they collectively are, and where they are collectively go-

**"I'd rather take the current bad news than the ongoing uncertainty."**

ing. SeaChange will continue to refine its recommendations based on experiences during the pandemic. We join hands with the many organizations committed to arming nonprofits with the information they need and critical questions to consider as they plan for the difficult future in a post-Covid-19 world.



# Financing During a Pandemic: How to Adapt to a Crisis

By JIM RENDON

**T**he coronavirus pandemic has upended the finances of nonprofits around the world. Organizations have called off or postponed fundraising events. Donors at all giving levels are feeling the impact of the economy screeching to a halt and the plummeting stock market. Foundations have seen their endowments slashed by investment losses.

“It’s the equivalent of a natural disaster. But it’s worse than a hurricane or

earthquake because it’s not confined to a single geography. It is literally global,” says Maya Winkelstein, CEO of Open Road Alliance, an organization that helps nonprofits respond to unexpected events and manage risk. “It’s like every single city in the world just had an earthquake. That’s the economic impact.”

Nonprofits are searching for financial help as they struggle with or anticipate lost revenue — various kinds of loans, lines of credit, and emergency grants. But





these financing mechanisms are very different from one another, and each one can help solve very different financial problems, says Joe Neri, CEO of IFF, a community-development financial institution that provides financial services primarily to nonprofits in nine Midwestern states.

“We’re talking to all of our borrowers to better understand what their needs are,” Neri says. Some groups might just have problems with cash flow: Their revenues won’t come in time to cover their expenses. “Some of them could be much more difficult.”

### **FIGURE OUT WHERE YOU STAND.**

The first step to determine how to address a shortfall is for the group to get a handle on its finances and the particular problems they’re likely to face.

Propel Nonprofits, an organization that helps nonprofits in Minnesota and surrounding states with financial management and governance, has been fielding calls from the groups it works with asking for loans or lines of credit. Staff members start by asking callers to examine their organizations’ cash flow. It even has a [spreadsheet on its website](#) that groups can download to help them do this themselves. They are often discovering they can survive for the next 45 days or more. Propel staff then encourages those groups to go back and do more planning and run different scenarios to determine what the future may hold.

Another important step is to determine how much of an organization’s money is restricted. Groups should contact the donors of those restricted funds to see if the money can be converted to general operating support — [something some foundations are doing now](#). Being able to do that gives those groups greater flexibility to meet their fast-changing financial needs.

### **FORECAST WHAT MONEY IS COMING IN.**

After groups better understand their current financial position, they need to determine what revenue they can count

on over the next three months or more and what expenses they are incurring, says Sandi McKinley, a vice president at the Nonprofit Finance Fund.

**“Not everyone is going to make it out of this. It’s an awful thing to say, but it has to be said so that we can then turn around and do what needs to be done and help as many people as we can.”**

That’s not easy to do in this crisis, says Dipty Jain, principal at Fiscal Management Associates, which helps nonprofits and foundations improve their financial-management practices. Despite the unknowns, groups need to do their best. “It’s really uncertain,” Jain says. “As of right now, it’s all guess-based.”

Some groups should consider a best-case scenario: Perhaps they lose 25 percent of revenue, says Jain. The worst case could be considerably bleaker. Some groups may need to lay off employees or cease operations entirely.

“Not everyone is going to make it out of this,” Winkelstein says. “It’s an awful thing to say, but it has to be said so that we can then turn around and do what needs to be done and help as many people as we can.”

Charities with government contracts may be better off than others. Illinois, for example, is continuing to pay day care centers even if children are no longer showing up for services, Neri says. Those groups have very thin margins, and any loss of revenue can be devastating, he says. “It’s fundamental because it deals with their liquidity issues. It deals with their angst about the future,” says Neri. “It is something that the state can



do. And it doesn't require emergency loans and all kinds of things that are difficult to put together."

### **LOANS MAKE SENSE WHEN REVENUE IS DELAYED.**

As tough as it is to predict how this crisis will unfold and what that will mean for revenue, groups need to do their best to figure out what income will just be postponed — a gala moves from April to September, for example. In other cases, revenue may be lost and won't be coming back in the near future — like canceled contracts.

Experts say if revenue is delayed, a loan could be the best course of action. Neri says that as a lender he does his best to determine how likely it is that the revenue will reappear at a later date. If an organization has a future source of revenue it can count on, a loan can help it bridge its short-term lack of cash, he says. In that case, a loan is better than a grant. "You don't want to use your grant money to solve that problem because you're going to need it to solve other problems, he says."

The certainty of future revenue is key to deciding if a loan is appropriate. Under normal circumstances, Propel Nonprofits makes loans to groups that have confidence that funds will be coming in the door, says Kate Barr, the group's president. They may

**Back then, banks stopped trusting each other after Lehman Brothers failed. Now the government is quickly pumping money into the financial system to create liquidity.**

have a contract that will pay them soon, an annual fundraising event with a proven track record coming up, or a pending per-

formance for which they are sure they will sell tickets.

"Right now that confidence is so up in the air," says Barr. "Until there's more certainty, I don't think there'll be that confidence. And nonprofit leaders who don't have confidence know that borrowing is not the thing to do."

Loans should be viewed as a way to make up for short-term revenue losses or payment gaps. Lines of credit, which in many cases have to be paid back in a year, may make sense for even shorter-term revenue losses that will be quickly made up or to help groups make payroll while another funding source is delayed, Jain says.

Large nonprofits that have many government contracts likely already have lines of credit to smooth out the cash flow between the time they provide services and the time the government pays for them, for example.

While no one knows for certain how this crisis will play out, Neri says that the tightening of credit that took place during the financial crisis may not happen this time. Back then, banks stopped trusting each other after Lehman Brothers failed. Now the government is quickly pumping money into the financial system to create liquidity.

### **A LOAN ISN'T ALWAYS THE ANSWER.**

It's important to understand that in some cases, a loan or line of credit can make a bad situation worse.

For example, if a nonprofit is unlikely to recoup lost revenue, a loan would be a bad idea — assuming the group could even get one — because it would be unlikely to be able to pay it back. A loan might fix the short-term problem, giving an organization the funds to keep operations going. But the loan would exacerbate long-term problems because loan payments would increase the group's expenses.

Instead, organizations that have lost revenue will need to cut costs — likely laying off staff and cutting other expenses — while looking for emergency grants and other ways to bring in revenue.

## EMERGENCY FUNDS ARE BEING SET UP.

Some groups have created emergency funds for nonprofits that combine low-cost loans and grants.

Among the entities offering relief:

- The Small Business Administration is providing disaster-relief loans with 2.75 percent interest rates and payback terms as long as 30 years.
- The \$2 trillion dollar relief bill contains many loan provisions that can help nonprofits. Those with 500 or fewer employees will be eligible for Small Business Administration loans of up to \$10 million and expedited loans of up to \$1 million. The money would have to be used for employees, facilities costs, and debt service. Those that keep their employees on the payroll from February 15 to June 30 could have their loans forgiven. It appropriates an additional \$10 billion to the SBA's Economic Injury Disaster Loans, and waives creditworthiness requirements. Applicants can get checks for \$10,000 within three days.
- Many community foundations and others are stepping up with emergency grants. For example, the Chicago Community Trust together with other partners raised \$12 million for emergency grants and has already begun disbursing them.
- Open Road Alliance is offering loans at below-market interest rates to groups adversely affected by the pandemic. It also has grants and loans available for groups

that are helping to slow the growth rate of coronavirus infections.

The Nonprofit Finance Fund will administer \$75 million donated by 17 foundations to provide unrestricted grants and loans to New York charities. The fund will provide zero-interest loans of about \$250,000 to \$3 million to New York human-service and cultural institutions with budgets of about \$2 million to \$35 million. The goal is to help groups get through a couple of payroll cycles and reorient, says Norah McVeigh, the Nonprofit Finance Fund's managing director for financing.

**For those that have lost contracts entirely, a loan won't help, but an un-restricted grant can help a group survive through the crisis.**

The combination of loans and grants in the fund is very important, Neri says. For groups that need cash now, the loans can be very helpful. For those that have lost contracts entirely, a loan won't help, but an un-restricted grant can help a group survive through the crisis.

"It's just beautifully done," says Neri who hopes that more financial organizations take this approach to emergency aid. "Let's just learn from New York [philanthropists] who learned this from the last crisis."



# 6 Keys to Making Your Nonprofit Financially Sustainable

By **STAN LITTLE**

PRESIDENT OF THE SUNTRUST FOUNDATION

**N**early 80 percent of Americans say that financial stress keeps them up at night. About half don't have \$2,000 saved for an emergency, and that number jumps to 60 percent among millennials. Far too many of us can't cover an unexpected life expense.

Nonprofits provide critical support when people experience economic hardship, yet their financial conditions can be shockingly similar to those of the unprepared public.

Nearly two-thirds of the nonprofits I encounter have less than 45 days' worth of operating cash on hand and no rainy-day fund. Under these conditions, an unexpected expense could jeopardize payroll, interrupt services, or even close the doors.

The majority of nonprofits are small with annual operating budgets below \$5 million, and many face challenges to their financial sustainability. These small groups tend to have fewer tools, resources, and volunteers than larger charities, and it's not uncommon for key staff to be undercompensated, living paycheck to paycheck. At the SunTrust Foundation, our mission can be summed up as "lighting the way to financial well-being" for everyone, including our nonprofit part-

ners. We believe that strengthening nonprofits is one of the best ways to improve the lives of people in our communities. Through our Lighting the Way Awards, the foundation recently recognized 36 nonprofits from across the South and Midwest for their community impact and provided workshops on how to improve an organization's financial stability.

Here are six ways, drawn from these workshops, to make your nonprofit more economically sustainable.



**Build up resilience by building up your reserve.** Think of a reserve as an economic shock absorber, emergency savings fund, or disaster-preparedness plan. The goal is to make sure you can sustain an unforeseen, but not necessarily catastrophic, financial event.

Determine how much and what kinds of financial reserve your nonprofit needs. For example, if you own your facility or property, you need a maintenance reserve in case of damage. Appropriate insurance is often overlooked: If your offices, vehicles, meeting rooms, or shops serve the public, you need to be properly insured. Otherwise, a personal-injury claim could be unrecoverable.

In addition to financial reserves and protections, think about establishing a talent reserve. If the founder of your nonprofit left unexpectedly, are you prepared



for that risk? You need a succession or transition plan, whether it is a second-in-command, an heir-apparent, or a board member primed to step in if called upon.

Emergency savings, insurance, and operational resilience are essential to an economically sustainable and stable organization. These needs usually are not exciting to donors, but that brings us to my next tip.

**Reduce reliance on grants — develop ways to earn income.** As a nonprofit grows, it should move away from being heavily grant-dependent and aim to get at least half of its day-to-day operating budget from earned income. Create ways to generate cash, and then channel that cash back into your organization and mission.

Nonprofits do phenomenal things that may not be an obvious part of their mission, such as running a thrift shop or a restaurant. A nonprofit that helps individuals develop skills and get jobs, for example, could open a stand-alone enterprise to generate income and create temporary employment opportunities. Or a disaster-relief organization could develop a disaster-preparedness product and sell it to commercial and civil entities. Generating cash from operations is becoming standard.

**Understand your balance sheet and cash flow.** Nonprofits have unique balance-sheet elements, and many leaders don't entirely have a handle on their cash flow. Nonprofits often rely on pledged dollars, restricted funds, and other complex forms of financing. Without fully appreciating their nuances, restrictions, and contingencies, you may find yourself with nonbinding pledges and "stranded" assets (cash that can't be used to pay for general operations) and think you have more available money than you actually do. Take the time to know your numbers.

**Modernize to improve your operational efficiency.** To stay ahead of the rising costs of goods and services, find ways to lower operating expenses and improve your operating ratio (expenses divided by revenue). Try to achieve a 4 percent to 5 percent improve-

ment rate in efficiency every year. Even if you don't hit 4 percent, any improvement is better than none.

Take advantage of technology. The goal

**Technology usually costs more upfront but adds capacity, reach, and speed that ultimately cost less in the end. Twenty-first-century donors will support these efforts.**

is to work smarter. Ask yourself a few questions to determine if you're running a modern enterprise.

- Is our operation burdened by manual work like stuffing envelopes and licking stamps?
- Do we use excessive paper to deliver our service or do our job?
- Do I need a lot of hands and feet to administer what I'm trying to accomplish?

If the answer to these questions is yes, then it's time to pivot to modern techniques. Technology usually costs more upfront but adds capacity, reach, and speed that ultimately cost less in the end. Twenty-first-century donors will support these efforts.

**Collaborate more often with other nonprofits.** Too many nonprofits are going it alone when there is so much potential for synergy with other missions. Actively seek other nonprofits that are doing something complementary or parallel. Join forces and combine resources. It can be as simple as sharing ideas, office space, or other scarce resources. Compete against inequity, food deserts, and joblessness rather than competing with each other.

The game-changing aspect of nonprof-



its supporting one another means hiring each other for services and expertise before turning to commercial vendors. If you need supplies, maintenance services, catering, or scholarship management software, or consulting, seek a nonprofit source first. Remember the second piece of advice — develop ways to earn income. If nonprofits patronize one another when possible, the whole nonprofit world will benefit.

**Take advantage of corporate social responsibility and hone your storytelling skills.** The public increasingly cares about companies' social purpose. Young people prioritize impact and relevance over income and assets. They're willing to take a lower salary to work for a company that is purpose-driven or socially conscious. Increasingly, Americans with disposable income will pay a little extra to support socially responsible businesses. Consumers are using their economic power to choose companies that support the social good.

Therefore, corporations need nonprofits to deliver on the social-citizenship commitments they make to their consumers and employees. Though some large nonprofits are capitalizing on this need, others are missing a prime opportunity. There is corporate funding to be had for community-engagement efforts just like yours. You don't have to be a big player to make yourself an attractive partner to corporations. How do you become a nonprofit partner to a corporation?

When talking to for-profit companies, articulate why they need you: You are delivering services on the ground and are effective in ways they can't be. You will have demonstrably relevant outcomes and use their money to accomplish goals. These are some of the most important messages to convey about the value of your proposed partnership to potential funders. They often get left

out in favor of a long list of factoids and activities that aren't necessarily in line with the corporation's philanthropic or business goals.

You don't have to be a communications expert to tell your story effectively to corporate donors. For example, Lucy Hall, the founder of the [Mary Hall Freedom House](#) in Sandy Springs, Ga., and a speaker at this year's Lighting the Way Awards workshop, has mastered the art of storytelling. She delivers a simple, specific message with a realistic promise. She can explain the need for her work with sincere passion and an emotional connection.

With wealth, income, and skills gaps widening, a vibrant nonprofit sector is more important than ever. So build up your reserve, adapt your business model, educate yourself on your finances, use technology,

**“Build up your reserve, adapt your business model, educate yourself on your finances, use technology, find synergies with one another, and tell your story well.”**

find synergies with one another, and tell your story well to corporate donors.

Nonprofits play a crucial role in American society as they champion equitable opportunity for many people in need. To do that work well, your own viability can't be at risk. Commit to taking these steps to ensure the long-term economic sustainability of your organization.

# Nonprofit Crisis Management: A Checklist

By **FREDERICK S. LANE**



GETTY IMAGES

**T**he onset of the coronavirus pandemic and its economic fallout are seriously disrupting operations at most U.S. nonprofits and stressing many of their stakeholders, including the neediest Americans.

At the Center for Nonprofit Strategy and Management, we believe that the worst threats of Covid-19 will last many months and that full recovery for charities will take at least five years.

Perhaps as many as one-quarter of non-

profit groups — mostly small and midsize — may fail.

We prepared this checklist to help you manage during these unprecedented circumstances; we suggest steps to take in key areas, such as assessing strengths and weaknesses, and strategies to adopt to help your organization survive and be sustainable. Many uncertainties remain, so you can't know exactly what is right, but you must act with agility and make decisions decisively.



## ORGANIZATIONAL STRATEGY

**1.** The principal challenge in this period is to keep your organization alive, resilient, and functioning, so consider all options, including reduced levels of activities, a different mix of programs, and new means of service delivery.

- Doing/have done
- Actively considering
- Need to consider

**2.** Review your organization's stated mission and vision. Modify them, at least in the short term, as necessary. For example, regarding your mission, might your principal clients or geographic area of service shift?

- Doing/have done
- Actively considering
- Need to consider

**3.** If you have a strategic plan, it will need to be tailored or even put on hold. Consider sketching out a one-year action plan, subject to revision. A crisis presents challenges but also opportunities for change, innovation, and creativity.

- Doing/have done
- Actively considering
- Need to consider

**4.** Create a vision of where you see your organization in one year. Do this in a participative way, at least with the top management team and board. Articulate this vision so that all stakeholders know where you are going.

- Doing/have done
- Actively considering
- Need to consider

**5.** Augment your top management team to make it into a crisis-management team, but do not let it get too large. Examples: The IT head and human-resources director have become more important. The team needs greater diversity and inclusiveness. Include young staff members who always seem to have good ideas.

- Doing/have done
- Actively considering
- Need to consider

**6.** As much as possible, continue to provide existing services but in new, safe ways. For example, food pantries might shift from a single location for shopping to home delivery.

- Doing/have done
- Actively considering
- Need to consider

**7.** Deliver existing and new services in innovative ways.

- Doing/have done
- Actively considering
- Need to consider

**8.** Trim programs that are not essential to the organization's mission (or restated mission), have not been effective, or lack sufficient demand at this time.

- Doing/have done
- Actively considering
- Need to consider

**9.** To increase program effectiveness in this period, collaborate with other organizations across the non-profit, government, and business sectors, and transfer some programs to other organizations.

- Doing/have done
- Actively considering
- Need to consider

**10.** Stop creating programs, unless they are essential for your nonprofit in this new environment.

- Doing/have done
- Actively considering
- Need to consider

## MANAGING FISCAL STRESS

**11.** Secure your organization's financial position. Attempt to improve cash flow, obtain a line of credit from a bank, borrow money, reduce or delay purchasing, renegotiate leases or other obligations, and tap operating reserves (sinking funds). Note you need not use the line of credit; it is an emergency reserve and can be used when needed.

- Doing/have done
- Actively considering
- Need to consider

**12.** Matching mission and money in this period is especially difficult. Contain costs; review every item in your budget to consider what can be cut or reduced.

- Doing/have done
- Actively considering
- Need to consider

**13.** Regarding paid staff, consider hiring freezes, staff attrition, early-retirement plans, short-term job sharing, reduced compensation, furloughs, and layoffs. If your nonprofit furloughs staff members, remember they can collect unemployment.

- Doing/have done
- Actively considering
- Need to consider

**14.** When making budget cuts, consider making reductions in specific areas rather than across the board, then use some of this money to support the remainder of the organization. Try to get to a relatively stable new normal.

- Doing/have done
- Actively considering
- Need to consider

### RAISING REVENUES

**15.** Stewardship has rarely been more important. Reach out and talk to major donors.

- Doing/have done
- Actively considering
- Need to consider

**16.** Diversify revenue streams by seeking new sources of funding that will be available because of the pandemic. Keep an eye out for rapid-response funding efforts by foundations, United Ways, and others during this crisis, and apply as appropriate.

- Doing/have done
- Actively considering
- Need to consider

**17.** Step up fundraising to respond to this crisis (recognizing that economic and market decline and uncertainty will concern most donors/members/subscribers). Listen to donors; let their feedback guide you as to when to restart the solicitation of both big and small gifts.

- Doing/have done
- Actively considering
- Need to consider

**18.** Advocate before public officials to restore aid, provide new types of funding, or both.

- Doing/have done
- Actively considering
- Need to consider

**19.** Talk to foundation program officers, both those who have supported you and those who might. Seek to loosen restrictions on current grants to deal with this crisis.

- Doing/have done
- Actively considering
- Need to consider

### CRISIS COMMUNICATIONS

**20.** Communication has never been more important. To begin with, leaders must show they understand staff concerns and demonstrate genuine empathy toward staff. Have your crisis-management team meet daily. Have an all-staff meeting weekly.

- Doing/have done
- Actively considering
- Need to consider

**21.** Reach out regularly to the board chair, executive committee, and other relevant board committees, and all board members to keep them informed and to secure their ideas and reactions. This includes advisory boards and junior boards. Good governance is still important.

- Doing/have done
- Actively considering
- Need to consider

**22.** All the important decisions in this crisis will be seen by an organization's many stakeholders, external and internal. Leaders must communicate and listen to grant makers, major donors, government officials, board members, paid staff, volunteers, clients, and others whose support is essential for the short-term and long-term health of the organization. Communicate regularly with stakeholders. Be genuine and honest.

- Doing/have done
- Actively considering
- Need to consider

**23.** Keep your organization in front of your stakeholders, and protect your brand. For closed arts organizations, this could mean a virtual tour or streaming past performances online. For human-services groups, this might mean video showing what services you are still actively providing, even if in different service-delivery modes.

- Doing/have done
- Actively considering
- Need to consider

## MANAGING OPERATIONS

**24.** Learning to work remotely is new for most non-profit leaders. Select a technology tool, and use it widely. Video teleconferencing will help maintain or even build a sense of community in your organization. Learn how to run virtual meetings.

- Doing/have done
- Actively considering
- Need to consider

**25.** This crisis is fraught with emotion. Make sure staff members know that you care about them and that they are valued. Work at motivating your team and promoting peak performance, even if everyone is working remotely. You cannot lead through this crisis alone; distribute work to get things done. Make sure to retain talented, key staff.

- Doing/have done
- Actively considering
- Need to consider

**26.** Self-care is important as so many work from home. Daily exercise, fresh air, healthy eating, entertainment breaks, and enough sleep need to take place. While these times can be all consuming and foster attention 24/7, downtime is important to good mental health.

- Doing/have done
- Actively considering
- Need to consider

**27.** In New York City, we learned from 9/11 and super-storm Sandy that a formal business continuity and disaster-recovery plan can be very important. If you do not have one, start with a template from another organization, like Nonprofit New York.

- Doing/have done
- Actively considering
- Need to consider



# The software capabilities you need to thrive in constantly changing environments



## Constant change is inescapable for modern nonprofits.

In every discipline – whether it's fundraising, project management, or financial reporting – it's essential to meet unpredictability with flexibility and do so without increasing indirect costs.

It's a tall order. That's why it's vital to choose the right kind of business software, with the right features, from the right vendor, to meet these requirements.

### 1. The right enterprise system

There are three broad categories of solution to choose from: point solutions (individual products that perform one function), monolithic enterprise resource planning (ERP) systems (which try to do everything but remain inflexible), and a **modular, or 'app-based,' ERP**.

The only category that allows nonprofits to thrive in an environment of constant change is the app-based ERP. They are built to easily integrate with other systems without a great deal of IT expertise, using a low code/no code 'microservices' architecture and application programming interfaces (APIs).

"In 2019, Unit4 stood its ground within the highly competitive enterprise software market, carving out a unique position for itself within the service-based industry. Unit4 is now in an excellent position to take business away from legacy providers in its specialized verticals..." – **Nucleus Research's Hot Companies to Watch in 2020**

### 2. Software that puts people first

A truly future-proofed nonprofit system needs to make work easier for the people using it.

Our **People Experience (PX)** approach prioritizes human impact and makes work more intuitive, effective, and inspiring. Whatever the future brings, your people will always be in control, with the ability to adapt to new ways of working and adopt new business processes, so they can be more engaged to deliver more impact.

### 3. A vendor with a nonprofit focus

Nonprofits should choose a system provided by a vendor that focuses on their industry, and where deep industry knowledge is embedded in the capabilities of its solution.

For example, Unit4 recently **joined the partner steering group in support of the nonprofit Common Data Model (CDM)**. Defined in collaboration with Microsoft, the nonprofit sector and NetHope members, it is a standardized data model, including all objects and attributes for the sector, which is the first built specifically with and for nonprofits.

### Rising to the challenge

Modern, app-based systems are more adaptive to change and less expensive to run. They engage and energize your people, free finance up to support field teams, and keep administrative costs down.



### To find out more

*about enabling your organization to thrive in a constantly changing future, read our white paper, **Rising to the Challenge of Change.***

For more information, go to:  
[unit4.com](https://unit4.com)

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