Managing through this Crisis and Adapting to the Unexpected

Interim Executive Solutions
Informing, Executing and Supporting Nonprofit Transitions

David Harris, dharris@interim-exec.org
Frank Reece, freece@interim-exec.org
1 855 INT EXEC
About Interim Executive Solutions

• Business and nonprofit professionals dedicated to strengthening the nonprofit sector during leadership and business transitions
  • Board Consulting (resilience, succession, governance, strategic vision)
  • Interim leadership (executive, financial, development)
  • Mentoring (capacity building with board and staff)

• Our team includes three partners and a large team of associates
  • Wide range of experiences and knowledge
  • Collaborate to address specific client needs

• www.interim-exec.org
Agenda

• ACES: A four phase model
• Case studies
• The phases in detail
• Three big takeaways
ACES: A Four Phase Approach to Crises

• Assess: where are you now?
• Contain: shore up operations
• Explore: investigate options
• Sustain: develop and execute a plan
How Nonprofits Approach Crises
Major Crises Force Reconsideration

• Fiscal Situation
  • Impact on revenue streams
  • Changes in cost structure

• Vision, Mission and Core Values
  • Focus of the organization
  • How clients, staff and stakeholders are treated

• Board Governance, By-laws
  • Expectations of Board members
  • Authority in a crisis

• Expectations of the Executive Director
  • Priorities and evaluation criteria for staff leadership

• Board Relationship with Staff and Programs
Division of Responsibilities

• Executive Leadership
  • Engage staff (stakeholder number 1)
  • Develop crisis intervention options
  • Identify impact on mission, fiscal stability, day-to-day operations, key metrics
  • Create a communications plan
  • Execute early & often

• Board
  • Ensure financial projections are realistic (finance committee)
  • Approve changes in focus of services (executive committee)
  • Identify and assist with relationships at risk (all)
  • Document key decisions (Clerk)
  • Ensure adherence to core values (all)
  • Demonstrate support for staff and mission
  • Communicate the unified message
Phase 1: Assess
Assessing the Current Situation

1. Face the facts
   • Collect data before building your **Action Plan**
   • Solicit input from all stakeholders
   • Follow the money – know the sources and uses of funds

2. Use **Core Values** to guide decision-making
   • Review Mission – how might it change?
   • Relate actions to mission & values
   • Retain key staff
     • Stakeholders will judge the organization: **do actions match values?**
Assessing the Current Situation

3. Review operations
   • Programs
     • Match funding / needs / staff & physical ability to deliver
     • Consider partners – can other nonprofits assist or even assume programs
     • Envision new delivery mechanisms
   • Staffing impacts
     • Needed actions & timeframe
     • Long term program impacts
     • Restart considerations

4. Be transparent
   • Build credibility & support with honesty
     • Being transparent with needs can attract new supporters
Phase 2: Contain
1. Develop Your Action plan – Staff & Board Action Team
   
   • Build your **Action Team** with ED & Key Staff
     • Select time horizon for actions: 30 days; 60 days; 90 days
   
   • Adapt by-law requirements to new circumstances
     • Notice of meetings / format for meetings / proxy requirements
     • Executive committee authority
     • Do some Board members need additional authority?
   
   • Build financial monitoring & response systems
     • Develop realistic projections
     • Identify the key decision points
     • Establish Board reporting / decision-making mechanisms
     • Understand funders needs and resources
     • Investigate possible new government support programs
Containing the Impact

2. Make Change – Implement Plan
   • Mobilize **full Board support**
     • Explain necessity of visible and effective action
     • Continuously report in full
     • Revise committees to meet needs: Executive / finance / development / other
     • Stress ability to adapt to changing circumstances – new opportunities and challenges
   • Take Bold Action
     • Triage programs: maintain; suspend, curtail or eliminate
     • Be proactive, not reactive
     • Inform key stakeholders – proactively reach funders
     • **Advise staff** early
       • Highlight need to take action NOW!
       • Ask for their ideas / advice / support
   • Monitor Progress
     • Adjust actions to new realities – periodic Board report
Containing the Impact

3. Assure Compliance with Legal Obligations
   • Prevent unintended / costly mistakes
     • HR obligations to staff
     • Funder program needs
     • Government reporting requirements
   • **Document key board decisions**
   • Seek informal legal advice – board member or community volunteer
   • Revise by-laws, committees etc. to meet needs

4. Review Governance – Lessons Learned?
   • “Don’t waste a crisis” – does this one demonstrate better practices?
Action Plan Considerations
Track Key Metrics

• Cash Flow projections
  • Sources in danger of being lost
  • New potential sources (and obligations that come with them)
  • Variable and semi-variable costs that can be adjusted

• Program impact
  • Utilization of current services and continuity of funding
  • Potential need for new services and potential funding
  • Constraints on service delivery (staffing, physical limitations, dependence on partners)

• Staff morale
  • Best interest of staff
  • Best interest of organization in order to retain staff long term
Support Staff in Adapting to New Realities

• Board
  • MUST show the flag with staff
  • Demonstrate understanding of staff needs and the impact on them
  • Board Chair / others should reassure staff directly
  • Support ED in delivering bad news

• ED / staff leadership
  • Be clear and visible – deliver painful news ASAP
  • Stress timeline for future tough decisions
  • Outline framework for return to work
  • HR function is critical
    • Clarify available compensation & benefits
    • Link to and provide assistance in accessing outside resources
Reinforce Funder Relations

• Crucial for Board to support ED and staff in reaching out to funders and stakeholder
  • Funders need to see “all hands on deck”
  • Board President is chief organization representative
  • Board contacts may uncover new financial supporters
  • Board members can identify possible community service partners

• Honest, open conversations with funders prevent misunderstandings
  • Identify essential funder reporting needs & assure compliance
  • Funders are invested to YOUR sustainability & service delivery
  • Funders have wide networks and may identify new resources
Pay Attention to the Big Three: Transparency, Inclusiveness, Communication

• Stakeholders need to be heard
  • Board, staff, clients, funders, other stakeholders & new supporters

• Share the plan, and updates, widely

• Stress who speaks for the organization
  • Know the script – ensure clear and uniform messaging

• Establish feedback mechanisms
  • Use full range of communication tools
    • Update website
    • Use social media
    • Consider formal PR campaign: press etc.

• Look for volunteer professional PR help
  • Many want to help nonprofits continue in business
Phase 3: Explore
Issues in Adapting to New Circumstances

• Mission
  • Is there a need to adapt?

• Infrastructure and funding
  • Is there adequate access to internal and external resources?

• Impact on current services
  • Do we risk loss of revenue or loss of focus?

• Leadership capacity
  • What can we take on and what might we lose?

• Stakeholder support
  • What do our stakeholders expect and need?
New Opportunities to Explore

• Service offerings
  • Leveraging core competencies and resources

• Cost savings
  • Exploring shared services
  • Reimagining service delivery

• Individual and organizational growth
  • Taking on new roles
  • Developing new competencies
More Opportunities to Explore

• Relationships
  • Deeper knowledge of staff and stakeholders
  • Insights on how individuals respond to a crises

• Partnerships
  • Envisioning new ways to sustain the mission
  • Collaborating to enhance or share services

• Reputation
  • Affirming core values
  • Assessing and refining the corporate culture

• Reexamine the vision for the organization
Balance Defense and Offense

• Defense:
  • Protecting resources
  • Minimizing spending
  • Consolidating base of support

• Offense
  • Expanding outreach
  • Adapting services and programs
  • Reallocating / finding new resources
Find the Balance of Offense and Defense

- HBS research on 4700 organizations from past 3 recessions:
  - Best performers balanced between cutting costs to survive today & investing to grow tomorrow
    - 37% chance of great performance after recession
  - Worst Performers relied solely on cutting the workforce & costs
    - 11% chance of great performance after recession

Assess Impact on Stakeholders

• What do stakeholders want / need / expect
  • Staff
    • What aspects of working from home do they value?
    • What have they found challenging?
    • How productive and effective have they been able to be?
  • Clients
    • Have they been able to access your services?
    • Have other providers filled in gaps?
    • How have their needs changed?
  • Funders
    • Are they still passionate about your mission?
    • How have their perceptions of the needs of the community changed?
    • Are they willing to be flexible in their funding?
Phase 4: Sustain
Capitalize on Your Strengths

• What has your organization done well?
  • Services
    • Responsiveness to current crisis
    • Staff flexibility
  • Operations
    • Efficiency of delivery
    • Infrastructure (finance, HR, IT etc.)
  • Outreach
    • Ability to maintain / expand reach
    • New sources of support
  • Management
    • Effective communications
    • Maintain morale and productivity
Overcome Your Challenges

• What could your organization do better?
  • Services
    • Viability and need for current services
  • Operations
    • Too much or too little infrastructure
  • Outreach
    • Clear value proposition
  • Management
    • Capacity to handle change

• Could partnerships offset some of these challenges
Manage Change

Professor John Kotter’s Eight Steps to Leading Change

https://www.kotterinc.com/8-steps-process-for-leading-change/
Summary Takeaways

• Assess the situation
  • What is driving the need for the change

• Set priorities
  • Don’t try to do everything at once

• Get stakeholders on board
  • Engage staff, funders, clients ...

• Establish short-term goals
  • How will you measure impact of each change

• Shorten budget horizons
  • Plan for the known and knowable: Review and revisit plans based on achievement of goals

• Establish a peer support group
  • Continue the brainstorming and problem solving

• Learn
  • Adjust and adapt as needed