

# Managing through this Crisis and Adapting to the Unexpected

## Interim Executive Solutions

Informing, Executing and Supporting Nonprofit Transitions

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# 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](http://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

# Containing the Impact

## 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



# 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