From Sustainability to Survivability

Steve Zimmerman
Spectrum Nonprofit Services

WELCOME!
Insights from the Sector

- **83% of Tampa nonprofits** have cancelled or reduced programming / services.
- **Arizona nonprofits** expect to lose an average of 31% of their revenue.
- **89% of Massachusetts nonprofits** have cancelled programs / events.
- **44% of Illinois nonprofits** are experiencing an increased demand for services.

Results of NLC Survey

<table>
<thead>
<tr>
<th>Concerns for Constituents</th>
<th>Concerns of Nonprofit Leaders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job loss &amp; financial insecurity</td>
<td>Organizational sustainability</td>
</tr>
<tr>
<td>Access to basic necessities</td>
<td>Paying employees</td>
</tr>
<tr>
<td>Mental health</td>
<td>Inability to serve clients / community</td>
</tr>
</tbody>
</table>

We already had a plan around disaster response, which we could use as a scaffolding, but we had to rework it. Pandemic wasn’t on the list of disasters we had in mind…There’s so much uncertainty. This is like white-water rafting in the fog.

Will Berkovitz
CEO
Jewish Family Service (Seattle)

Leadership
Financial Strategy
Impact Strategy
Sustainability
Understand your cash position
Assess damage to revenue streams
Look at the dual bottom line
Include everyone in the discussion
Communicate consistently
How long can we weather this disruption?

Understanding Liquid Reserves

Cash + Cash Equivalents + Accounts Receivable – (Restricted Cash + Restricted Receivables)

Typical Month’s Expenses

Survival Mode

Cash + Cash Equivalents – Restricted Cash

Typical Month’s Payroll + Health Insurance + Rent & Occupancy Expenses
**Economic Injury Disaster Loans (EIDL)**

*Small Business Administration*

**Short-Term**
- Forgivable, $10,000 emergency cash grant

**Long-Term**
- Low-interest loans up to $2 million

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**Paycheck Protection Program**

*Local Lenders*

- 500 or fewer employees
- Loans for 2.5x monthly payroll + benefits
- Forgiveness determined by:
  - retaining staff
  - rehiring staff
  - maintaining compensation

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**Economic Stabilization Fund**

*Local Lenders*

- 500 – 10,000 employees
- Low-interest loan
- Must retain 90% of staff
Questions to Ask

- What is our current revenue mix? Where do we anticipate vulnerabilities / shortfalls?
- Who are our closest funding partners?
- What funds our highest impact programs?
Assess Revenue

What funds our highest impact programs?

Questions to Ask

- What is our current revenue mix? Where do we anticipate vulnerabilities / shortfalls?
- Who are our closest funding partners?
- What funds our highest impact programs?

UPDATE

CASH FLOW
Our Conversation

- Understand your cash position
- Assess damage to revenue streams
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- Include everyone in the discussion
- Communicate consistently
Everything an organization does has value but given the current situation in which we find ourselves...

which aspect of the organization has the MOST value today?
1. Define programs
2. Assess relative impact
3. Determine profitability
4. Plot your map
5. Determine strategic imperatives

### A Quick and Easy Matrix Map

<table>
<thead>
<tr>
<th>Criteria</th>
<th>How much does this program contribute to impact?</th>
<th>How good are we at executing this program?</th>
<th>Does this program meet a significant need in the community?</th>
<th>How deep is the intervention?</th>
<th>Weighted Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education &amp; Recreation</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>3.25</td>
</tr>
<tr>
<td>Environmental Education</td>
<td>4</td>
<td>3</td>
<td>1</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Library</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td>2.8</td>
</tr>
<tr>
<td>Print</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>2</td>
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<tr>
<td>E-Print</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>2.6</td>
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<tr>
<td>Site Rentals</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>1.9</td>
</tr>
<tr>
<td>Site Rentals / Birthday Parties</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1.8</td>
</tr>
</tbody>
</table>

### 2. Assess Relative Impact
3. Determine Profitability

Matrix Map

4. Plot Your Map

5. Determine Strategic Imperatives
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Our Conversation

Myth of Superhero Nonprofit Leaders
I am a firm believer in the people. If given the truth, they can be depended upon to meet any national crisis. The great point is to bring them the real facts.

Abraham Lincoln
People will be more willing to forgive your in-progress ideas if they feel like they’re part of the process.

Nancy Duarte
Patti Sanchez

Our Conversation

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Coronavirus confusion about safety of asymptomatic

3/31/2020
16
People – Especially Staff – Don't Like Uncertainty

Reminders
- Pause & Breathe
- Know Your Audience
- Speak Clearly & Confidently
- Have Specific Next Steps

Collaboration, Communication & the Board

<table>
<thead>
<tr>
<th>Theme</th>
<th>2020</th>
<th>2021</th>
<th>% Change</th>
<th>% Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonprofit &amp; Impact</td>
<td>20</td>
<td>20</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Federal &amp; State Funding</td>
<td>15</td>
<td>10</td>
<td>-33.3%</td>
<td>-33.3%</td>
</tr>
<tr>
<td>Tolerance</td>
<td>10</td>
<td>15</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Non-referral</td>
<td>10</td>
<td>15</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Other Income</td>
<td>5</td>
<td>10</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Total Income</td>
<td>45</td>
<td>45</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>
“Nonprofits need to do everything they can to communicate clearly to their supporters and stakeholders in the community what their status is as honestly as they can and ask for the kind of help they really need.”

Melissa Berman

PHILANTHROPY
Our Conversation

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Action Steps

The insecurity of these times can bring out the best and worst in people. Let’s all work together to be the best.

- LOCAL NONPROFIT LEADER.
START NOW

Steve Zimmerman
stevez@spectrumnonprofit.com
www.spectrumnonprofit.com
414.226.2322

Resources