

Nonprofits quickly adjust to less

Boston Business Journal - by **Mary Moore** | Friday, January 30, 2009

These are lean days for nonprofits — living with less, forced to trade in old ways of doing business for survival strategies as they watch their major sources of revenue quickly dry up.

The sector has the feel of a triage unit. Planning is done fast, with no time for the deliberative process that typically accompanies significant change. Nonprofit leaders are working furiously through every available option.

Collaborations, mergers, layoffs, salary reductions, scaling back fundraisers or canceling them altogether, corraling individual donors, freezing travel, consultants and every unnecessary expenditure — in just four months since the worst of the financial crisis has hit, even the impossible suddenly is possible.

“People are doing those things that are least painful and most available at this point, but it varies across the board,” said David Magnani, executive director of the Massachusetts Nonprofit Network. “Some organizations are closing down completely. So it’s gone from no change to the ultimate change.”

Perhaps most surprising amidst the swirl of cutbacks and closures has been the brutal honesty of nonprofit leaders who argue that weeding out weak nonprofits may be healthy for the sector as a whole, as long as beneficiaries can find services elsewhere.

“Before this crisis, many, including me, concluded there are too many nonprofits. There’s a lot of duplication. Consolidation in the sector may not be such a bad thing,” said Paul Grogan, president of The Boston Foundation, which last year reported nearly 37,000 nonprofits registered in Massachusetts. In three to five years, Grogan said, “I would hope we have maybe 10 percent to 15 percent fewer nonprofits than we have now. And that the 85 percent to 90 percent that remain have gained new respect and a greater understanding of their role.”

The gray area between no change and ultimate change finds organizations approaching the current situation on two tracks — what they can do and what they can cut. The cuts are a sticky topic for most nonprofit leaders, hesitant to acknowledge this part of the survival strategy. Yet, indeed, many organizations have reduced staff, such as the **United Way of Massachusetts Bay and Merrimack Valley**, which laid off nine in December.

The YMCA of Greater Boston laid off nearly 10. The **Boys & Girls Clubs of Boston** has laid off two full-time, six part-time employees. And where there are no staff cuts, there are hiring freezes.

In addition, at nonprofits large and small, senior staff members are being asked to accept salary decreases for 2009 and maybe beyond. Executives at the YWCA Boston, which faces a 36 percent budget cut this year, have taken cuts in pay, a move that adds up to real dollars for the bottom line.

“We wanted to make sure we adopted a budget that’s sustainable during economic turmoil,” said Sylvia Ferrell-Jones, president and CEO, YWCA Boston.

Forced to swallow the pride that marked the sector when funding was plentiful, organizations now are seeking collaboration.

The Massachusetts Workforce Alliance, for example, has sublet its office space near Beacon Hill to another organization that needs easy access to the state capitol, said Executive Director Deborah Mutschler.

Then there are the fundraising collaborations. **Loomis Sayles & Company** brought together three of the organizations with which it works closely — **Boston Ballet, Boston Medical Center** and the **Boys & Girls Clubs of Boston** — to put on a coordinated fundraiser last fall that raised \$150,000.

Similarly, Mutual Assistance Associations in Massachusetts have come together to do a coordinated annual campaign and together are applying for grants, said Stephen Rockwell, executive director of Management Consulting Services. Environmental organizations working on the Mystic River cleanup are doing something similar, he said.

The ultimate collaboration is a merger and plenty of those are expected, including some last-ditch efforts by troubled organizations that want to salvage what they can of their operations by combining resources. But many mergers are simply common-sense solutions: Volunteer Lawyers for the Arts of Massachusetts and the Arts & Business Council of Greater Boston, for example.

An even tougher decision for nonprofit leaders is cutting programs and services, such as **Lena Park Community Development Corp.**, which eliminated its after-school and day-care programs. Roxbury Multi-Service Center, which lost funding from the state for its shelter program, has chosen not to appeal the agency’s decision and will see the program end.

When it comes to what they are doing, rather than cutting, nonprofits are first focused on retaining donors and supporters, and they are appealing even more strongly to their boards of directors for help. Big Sister Association of Greater Boston, for example, is holding a new breakfast event in March, asking board members to invite their friends as a way “to expand the number of people who know who we are,” said Deborah Re, CEO, adding that the organization also is communicating more about outcomes.

Scaled-down may be the best new description for fundraisers — once lavish, belt-busting affairs — as nonprofits realize that high-priced tickets are a harder sell. This may not be the year for the Artists Ball, for example, an annual fundraiser hosted by the **Boston Center for the Arts**.

“We’re looking at it in this economy and wondering, ‘Does that work or is there something else we can do?’ ” said Veronique LeMelle, executive director of the Boston Center for the Arts.

The Boys & Girls Clubs of Boston is moving forward with plans for a 500-person annual dinner in February, but it has made two significant changes. For one, no outside consultant will help with the finishing touches. “And this year we’ll be serving chicken,” said Jill Goldweitz, director of the annual fund and special events, adding that last year’s guests were served steak.

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