

Strategies to Strengthen Organizations in Challenging Times: Suggestions for USP Technical Assistance Initiative

For Discussion at the September 17th USP staff meeting

Introduction

The economic situation presents a distinct set of challenges for USP grantees above and beyond the regular challenges that arise in a given program year. In light of this understanding, USP seeks to offer support to its grantees during this period of economic duress – support that is specific to the situation and that goes *above and beyond* the current scope of support offered by our existing grantmaking.

USP has proposed adding \$1.5 million to its 2010 budget to support a **Technical Assistance (TA) Initiative** that will seek to sustain and strengthen particular fields that US Programs is trying to advance, so that they can continue to effectively advance social justice. We expect that this initiative will enable us to provide individual grantees with capacity-building supports, particularly as related to the issue of “making do with less”, but our instinct is to prioritize groups working collaboratively with other colleagues to sustain their fields. The fund is currently conceived as being coordinated jointly by the Strategic Opportunities Fund (SOF) and Grantmaking Operations (GO).

Based on input from USP staff, internal discussions, research, and conversations with funders, philanthropy support organizations and nonprofit technical assistance providers, SOF and GO have prepared this document that presents five possible options for implementing this new TA initiative. We are looking forward to USP’s staff input to determine which option, or combination of options, would be more relevant and appropriate. We look forward to your feedback during the September 17th USP staff meeting.

Note: The document includes two very brief annexes with information on the responses that OSI has given, thus far, to the economic downturn; and on the results of the survey conducted with USP staff in July 2009 to assess the impact of the economic situation on USP grantees.

The Technical Assistance Initiative: Possible Strategies for Assisting Grantees in 2010

Option 1

USP funds a set of TA providers that will work with a cohort of grantees critical to their fields that are selected by each of the funds and campaigns. The providers would be selected through a process which might include a targeted RFP.

TA provider(s) will work with this cohort to:

- Assess their current circumstances in terms of financial sustainability and organizational capacity
- Create a plan to overcome current challenges so that they can thrive in the new marketplace

- Provide peer learning opportunities
- Offer a range of tools for grantees to use including online resources like webinars and challenge grantees to think outside the box.
- Develop key skills and leadership capabilities needed to respond effectively to the immediate effects of the economic downturn and to achieve their missions in the long term.

The process would include an initial organizational assessment (of finances and capacity), one-on-one coaching and consulting (to ensure creation of a realistic plan and implementation of key decisions) and a series of hands-on workshops and peer learning opportunities (focused on providing concrete tools and information, for example, on scenario planning, risk assessment, creating a healthy balance sheet, leadership, etc.)

A sample of possible providers might include:

- The TCC Group (a consulting group that provides services to nonprofit organizations including strategic & business planning, program evaluation, governance assessment and restructuring, and capacity building.)
- The Nonprofit Finance Fund (for financial literacy and management issues, business strategy, cash flow planning, risk evaluation, budgeting, cost analysis, accounting, etc.)
- Fiscal Management Associates (for financial literacy and management issues, business strategy, cash flow planning, risk evaluation, budgeting, cost analysis, accounting, etc.)
- Management Assistance Group (for organizational assessment, organizational restructuring, leadership transition/succession, diversity audits, strategic planning, strengthening management, enhancing budgeting and financial management, leadership coaching, board development, fundraising)
- Mosaica (for board development, evaluation, strategic planning, needs assessments, resource development planning and fundraising assistance, management audits, personnel policies reviews and revisions, restructuring support, assistance in improving financial management and oversight, assistance in program design and delivery, help in strengthening volunteer activities and increasing community involvement and community building, capacity development in community organizing and advocacy, coalition building support)
- Community Resource Exchange (for operational and strategic planning, strategic restructuring, board development, fundraising, leadership development, human resources, financial management)
- CompassPoint (for board development & governance issues, communications, finance, fundraising, strategy, leadership & management, technology, volunteer management., executive transitions)

Option 2

Retain one or a set of technical assistance providers, who will assist USP staff to increase their knowledge and capacity to develop an internal process to support grantees in crisis by:

- identifying current grantees that are under threat of severely limiting program operations or shutting down operations altogether;
- evaluating USP's capacity to intercede;

- managing an intentional intercession when deemed appropriate.

This could be achieved through a number of in-house development/training/learning sessions.

USP staff will also be able to access a broader pool of technical assistance experts, through a searchable database of nation-wide TA providers that is in development.

Option 3

The \$1.5 million TA fund is used to provide small grants (up to \$20,000) that complement the centralized field wide learning that groups are engaged in through Option 1 above. TA needs will be identified through that engagement.

Within this option, we could consider providing these small TA grants to those organizations that seek to understand how they might shift operational and program activities to the reality of having to do more with less – or even better, to be “doing less with less” and to communicating to funders why they must be “doing less” at this time. The emphasis should be on supporting organizations that have already made strides towards adjusting to the new economic reality.

Option 4

Re-structure current grant agreements, converting project support grants into general support grants. **[this is currently being discussed with Legal Counsel]**

Criteria for these conversions might include:

- Grantees that are cycling out of OSI funding and that will benefit from greater flexibility while still maintaining the integrity of the project that OSI initially supported
- New grantees whose budgets have been unexpectedly affected since the OSI grant was made and are groups we plan to continue supporting
- Grantee is exploring a merger or other dramatic changes to its operation and is a grantee that has funder confidence

Option 5

Where staff is able to identify pre-existing centralized TA efforts that would benefit our grantees; consider adding funds to those initiatives.

Questions for Discussion:

- What options or combination of TA options seems to be more appropriate?
- What suggestions do you have to ease the management of this new initiative? Should we aim to outsource as much of this work as possible?
- Not all the fields in which we work have been “hit” in the same way by the economic downturn. What criteria should we use to determine which fields would benefit from this TA initiative? What kind of process should we follow to make this decision?

- Are there any existing coordinated efforts to provide TA in the fields you are working on? Would joining those efforts be an effective strategy?
- Does staff see any special challenges to converting project support to general support that should be taken into account?

Annex 1: OSI's responses to the economic crisis

The following are some of OSI's responses to prevailing economic challenges thus far:

2008

USP staff meeting in the fall with the Foundation Center and Grassroots Institute for Fundraising Training representatives to inform the staff of potential impact of the economic crisis on our grantees.

Creation of the **Neighborhood Stabilization Initiative (\$10m)** as a response to sub-prime lending crisis.

2009

May USP Board meeting included a panel discussion with Clara Miller from the NonProfit Finance Fund and Monona Yin from the Four Freedoms Fund to discuss the impact of the recession on the nonprofit landscape and highlight forms of technical assistance available to fields and individual organizations. Following that discussion the board agreed that USP should move forward with a technical assistance program.

The creation of several funds:

JEHT Emergency Fund (\$10m) created as a response to the demise of the JEHT Foundation; to support shared grantees that had 2009 unpaid commitments, as well as key players in shared fields with JEHT. USP is seeking \$5m in additional funds for 2010.

Seize the Day Fund (\$14.5m) created to advance the most challenging open society issues during this transformative moment for change in the United States. One priority for the Seize the Day Fund is to ensure transparency and equity in the economic recovery, and USP is currently considering proposals to support state coalitions in a number of states. USP is seeking an additional \$3.75 in 2010.

Special Fund for Poverty Alleviation (\$250m) created as an emergency contingency fund to support families in crisis because of the economic downturn: \$50m was committed to the Robin Hood Foundation to support families living in poverty; and \$35m to support low-income families across New York State to purchase supplies and clothing for the new school year.

Potential Arts Fund \$12.5m: an emergency fund still under development that is exploring support for arts organizations in New York that have been adversely affected by the economic downturn. .

Annex 2: Results from USP Survey

Grantmaking Operations conducted a survey with USP staff in July 2009 to help us understand how grantees are being affected by the economic downturn and the steps we could take to keep our reaction relevant and appropriate.

A few of the key findings of the survey revealed that:

1. The most critical challenges faced by our grantees at this time are:

- Loss of financial support, both operational and programmatic
- Lack of internal capacity and expertise to respond to the challenges created by the economic situation
- Staff losses
- Increased demand for work/services from constituents
- Cash flow issues

2. Most helpful to our grantees at this time would be (in order of priority):

- Financial support for core costs (staff, infrastructure, administration)
- Technical assistance and other capacity building opportunities
- More flexibility in grant conditions

3. USP staff feels the following resources would help them respond more effectively to their grantees at this time (in order of priority):

- Access to knowledge, information and resources (better data on grantees' needs, financial planning and management tools, fundraising, training opportunities for grantees, type of support being provided by other donors, on managing difficult/delicate conversations)
- Increased funding (to respond to cash flow issues, for general operating support, for technical assistance (fundraising, strategic planning, etc.)
- Technical assistance (access to on-call technical assistance consultant, TA grants, low cost access to technical assistance and capacity-building providers)
- Collaboration with other funders