



Non-profits explore ways to survive recession

Strategies from sector may help gay rights groups weather storm

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As the recession forces cost-cutting measures for families and businesses across the nation, many nonprofit organizations are working through budget reductions by partnering with other organizations to share employees and ideas to stay afloat.

The steps they're taking may offer some lessons for LGBT nonprofits to emulate.

"We're seeing nonprofits diving into their resourceful roots," said Elizabeth Clawson of the National Council of Nonprofits, a network of state and regional nonprofit associations that serve 20,000 member organizations, which are small and mid-size groups.

"The nonprofit sector more than any other is creative and resourceful because we have to be and have been like that through the entirety of our existence," she said. "We're good at finding shortcuts and being creative when we have to, so that bodes well for our survival."

Clawson, who is straight, said that many member organizations have begun sharing ideas online. "Members have been very proactive with helping each other find resources," she said. "They share recommendations for products and services, and share expertise as a network."

Clawson said nonprofits are looking to popular social media services, such as LinkedIn and Twitter, to make connections, share links from blogs that cover nonprofits and foster online discussions.

It's unclear how many of those discussions have turned to talk of formal partnerships or mergers — but some nonprofit observers say the prospect of such moves is increasingly becoming a part of recession-fueled dialogues.

Vance Yoshida, a gay senior manager at La Piana Associates, a management-consulting firm that helps nonprofit organizations and other groups address strategic issues, said nonprofits must at least be open to the possibility of partnerships and mergers.

"Organizations should always be thinking about possibilities of merging or partnering with other organizations," he said. "We're seeing more and more organizations not just looking at mergers but other types of partnerships, like jointly getting together and hiring staff. They could hire an executive director or development director together ... [and] this would be a way for more organizations to be able to survive."

Observers also said partnerships and mergers are a good way to trim the fat that exists in the nonprofit sphere.

Alan Andreasen, a marketing professor at Georgetown University's McDonough School of

Business and executive director of the Social Marketing Institute, said the recession thus marks an opportunity for nonprofits to streamline.

“Organizations should step back and think about what they ought to be doing and what services should be protected,” he said. “It’s a chance to get rid of what might be called organizational obesity.”

Andreasen said organizations facing a decline in donations too often have been “cutting what’s easy, rather than using the occasion to be much more strategic about focusing on what they do.”

But for nonprofits not quite ready to merge, there are ways to sustain independent operations. Andreasen noted that corporations could help support nonprofits, for example, by allowing their employees to volunteer to build their management or diversification skills. He said such partnerships also build morale for employees as they give back to their community.

“A nonprofit might see it as a chance for someone to step in and help with financial management,” he said, “and a corporation could see it as a way to build internal personnel skills.”

Reduced funding could trigger tough decisions

Such tactics could prove essential to gay nonprofit organizations, which were hit hard at the end of last year.

Lambda Legal, the Gay & Lesbian Alliance Against Defamation and the National Lesbian & Gay Journalists Association laid off workers. Others, such as the National Gay & Lesbian Task Force and Human Rights Campaign, tightened their belts.

Juan Ahonen-Jover, a co-founder of eQualityGiving, which provides major gay donors with advice on funding strategies, said an informal poll he administered on his web site showed that nonprofits should prepare themselves for more difficult days ahead.

Ahonen-Jover said of the 127 people who took the survey, 29 percent would decrease their donations in 2009 compared to 2008, 18 percent would increase their donations, and 6 percent would not give in 2009. The remainder indicated they planned to donate the same amount this year as last year.

Ahonen-Jover, who is gay, said that shrinking retirement portfolios are making donors more cautious about giving, so nonprofits must now show donors that their work is significant.

“Organizations can’t think that the donors will just keep giving like the way it’s been in the past because they have good programs,” he said. “This argument doesn’t cut it anymore. Organizations have to say, ‘We are now doing something incredibly important and very bold and therefore we deserve money.’”

Ahonen-Jover cited Gay & Lesbian Advocates and Defenders, which helped secure same-sex marriage in Massachusetts and Connecticut, as a group that’s acting boldly. The group recently filed a case challenging the Defense of Marriage Act. The suit seeks to show as unconstitutional the third section of DOMA, which denies spousal protections in Social Security, federal income tax and other matters.

“They’re being very bold, and some in the movement don’t agree with the strategy,” he said. “But this is a group whose past success is incredible.”

Groups that have trouble wooing donors, though, could be forced to make tough decisions in the months ahead.

Dan Pinello, a government professor at the City University of New York, noted that many gay nonprofits overlap, “most notably the Task Force and the Human Rights Campaign.”

“Each of those groups has their own partisans, their own supporters, financial and otherwise,” said Pinello, who is gay. “As a result, I think it’s extraordinarily difficult to approach restructuring. I think more than likely the market will make the decision for these groups.”

Pinello said that if “a group can’t raise the necessary funds, then there will inevitably be internal restructuring, which would be imposed from the bottom up as opposed to from the top down,” and that donors would ultimately decide which organizations would survive.