

Navigating COVID-19: Survival Strategies for Nonprofit Business Leaders



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Like many of you, the nonprofit leaders that we work with are finding themselves in a strange world filled with catch phrases like “new normal,” “unprecedented times” and “pivot.” Regardless of where your affinity for catch phrases finds you, if you’re a nonprofit business leader you are most likely exhausted and frustrated by the times we find ourselves in as a sector. Never before has it been more apparent how greatly nonprofit businesses are needed to meet society’s urgent needs while at the same time we’re being left out of important economic, political and societal conversations. Ever the consummate connectors, we joined forces with subject matter experts to bring you seven survival strategies for you and your nonprofit business. Throughout this article and blog series, you’ll find thoughtful considerations for your service leaders and resources to share with others. We hope these will empower, inspire and encourage you to connect with your fellow sector advocates. The nonprofit sector not only serves our community, it powers it - and we are truly, better together.

There is No Business as Usual Anymore, Learn to Evolve, Creatively

In the best of times, nonprofits operate with unpredictable funding, volunteer support and the need to respond to rapid changes in their communities. Being nimble is a daily part of many successful nonprofit operations. The impact of COVID-19 will have long lasting implications, many of which can benefit nonprofits who adapt. Nonprofits that were already adept at raising funds and engaging supporters virtually had an upper hand going into the pandemic. The importance of adapting to the role of virtual events and fundraising and digitally sharing meaningful content and communications with key stakeholders cannot be underestimated in regard to the future viability of your nonprofit.

Assess your nonprofits unique situation to determine current needs for staffing, volunteers, logistics and programming. If some or all of your operations have been suspended, you will need a phased-in plan to resume offering services as well as a communications plan to share information with clients and volunteers. If your nonprofit has been working directly on the frontlines, you will need a plan to return to a more normal work schedule and environment for staff. The plan should include time off for employees to attend to doctor’s appointments, car care, and much needed family time as well as an acknowledgement of the accomplishments of their hard work in caring for the community.

Create various “what’s next” operational scenarios for the next 2-6 months to include needs for staffing, volunteers, transportation, technology, facilities, etc. Include input from your CFO/finance committee regarding cash flow, the need for a line of credit, debt, negotiations for deferred or reduced rent or terms. Is it time to cut, add, or change services? Brainstorm ideas to adapt, streamline, and/or utilize technology. Should you consider merging or finding a partner? Is the best partner another nonprofit, or a public or private entity? Stay laser focused on delivering your core mission and making relevant community impact.

Communicate changes to all your stakeholders, especially the hard decisions like cuts in staffing or the elimination of programming. When possible, explain the options that were considered and the decision making process, e.g., “We considered delaying the start and canceling all summer camps. With the

unknowns in hosting large group gatherings, we made the decision to cancel all camps.” Share your planned course of action using straightforward language, e.g., “We will reduce our staff’s hours by 25% for the next two months.” Let your supporters know how you are adapting and using their investment of donations or funding wisely, e.g., “We are partnering with local restaurants to provide a 50% increase of nutritious family meals and help the local economy at the same time.”

Empower your Board in Key Decision Making

Ensuring board engagement is a critical priority as nonprofits continue to react to this crisis caused by COVID-19. The fiduciary responsibility and legal obligation vested with boards requires their continued involvement in organization oversight. With nonprofits facing so many difficult challenges now, and for the foreseeable future, it is imperative boards are executing those responsibilities. Should a board be uncertain of its role right now, communicate with your board chair to provide needed clarity. If your board is looking for direction, give it to them.

Nonprofit staff should not attempt to deal with this crisis alone. The pressures of extremely difficult situations affect good judgment and decision making. Overwhelming waves of seemingly never-ending challenges can impact emotional and health well-being. Board members can offer much needed insight and serve as a personal life-line as well. We are in a time when moving forward means taking incremental steps based on day-to-day circumstances and thinking ahead to the next week is considered long range planning. The reality is we are in a series of adapting to next phases.

Ongoing communication should be maintained to keep board members apprised of situations affecting your organization. The board should be kept informed on financial status, staff changes, additional service demands, and alterations to programming and events. Let them know how you and your team are personally coping with the challenge at hand. Make sure your board is first in your communication chain so they’re not surprised with news they may hear elsewhere. On major decisions, always solicit board input before taking action.

As you develop plans for “what’s next” reach out to your board members for their advice. Get them engaged with determining how the organization will move forward. Asking your board to take on developing options for a particular problem is a way for them to be involved. A priority for keeping board members engaged is to remember they are being personally affected by the same issues everyone else is. Stay in touch so you’ll know how they’re doing.

Working with your board to maintain good governance practices is always important. Benefiting from their perspective will help your nonprofit have the best possible outcome for response to COVID-19. Keep in mind your governance documents – what now needs to be updated or included in our bylaws? Do we have a telecommuting, virtual meeting/voting clause? If not, where can we find one?

Board members are people, too. Remember to keep your board leaders informed and be sure to check in with them about more than “just nonprofit business.” They support you because they care about you

mission and its important nonprofits show we care more about them than simply what they can do for us.

Plan for your Employees Return to your Workplace

The government has passed several laws recently to help smaller organizations navigate the COVID-19 pandemic. Operationalizing these new regulations is a challenge for most organizations, large and small, as we all go through a trial and error period until the guidance becomes clear. There are many current policies that are significantly impacted by COVID-19 including HIPAA medical privacy laws, I-9 and immigration practices, OSHA, Workers Compensation, layoffs, furloughs, etc. Is your organization ready to welcome your employees back? Now is the time to review and update your policies and practices to reflect the current guidance in your workplace, so that your employees feel safe and healthy returning to your workplace.

34% of employees are currently working from home during this pandemic. Best practice benchmarks indicate 30% of all jobs could be performed remotely. Will organizations look at remote work as a threat or an opportunity? Lean into flexibility and find out how remote work could maximize employee productivity while improving your bottom line and enhancing employee engagement and retention. Consider formalizing your “work at home” policies on a longer term basis, including part-time work; alternating shifts and schedules to achieve social distance; telecommuting; flexible work arrangements; job sharing; and, the technology to support a work from home platform.

Most employers are not accustomed to managing a “physically” absent workforce. Communication and change management tips and clues are now one of your most important toolkits in this environment to help retain an engaged workforce. Employees need to know what “good” looks like moving forward - are you measuring, recognizing, and rewarding tasks, or projects and goals? How do you shift your performance measurements, and tackle some of those big ideas that have been sitting around waiting for the right time? Work can be done differently, more effectively and productively. Start to plan for the various ways you can measure “good” performance in the future, and how to recognize and reward your employees for their accomplishments consistently. Establish a meeting plan, just as if you were all together. Most if not all best practices should not change, regardless of locations.

If you find that your workforce is struggling with anxiety or stress returning to the office, consider beginning an Employee Assistance Program and/or open discussion forum for staff concerns related to health and safety. Develop an understanding of what is impacting each individual employee and stay away from assumptions. Simply checking in, allowing people to voice concerns and designing policies that will “meet them where they are” will show a more human side to your leadership style and promote greater connection amongst your team.

Continue Fundraising... With Care & Caution

Every mission matters and is worthy of support. AS your organization gradually reopens, continue to be proactive in personally communicating with donors, sponsors, vendors, and volunteers about current and any upcoming events. Send emails, update social media posts, and share any changes to operations

or events on your website. Let donors know what your organization is doing to protect the safety of patients, clients, members, employees, animals, and others served by your organization. Thank them warmly for their financial support which is critical to the organization's ability to respond in a timely manner and continue providing services.

If you postpone an event where donations have already been received, ask donors and ticket holders for permission to apply these funds to the rescheduled event. If the event is cancelled, ask them for permission to apply their gift directly to services. If donors request a refund, send it promptly and cheerfully. Let donors know you value them and hope they will support a future event.

Consider reaching out individually to long-standing donors to ask for a one-time gift to ensure the continuation of services if revenue is lost or delayed due to cancelling or postponing a major fundraising event.

Use this time to engage board and staff members in thanking donors for their loyalty and wishing them well during the crisis. Calls, personalized letters, hand-written notes, and customized video messages are great ways to let donors know how important their support is to the people you serve, including in times of crisis. While acknowledging the seriousness of this outbreak, don't hesitate to be clever in showering your supporters with some heartfelt donor love.

In lieu of planning an in-person event, dedicate staff time to determine your lapsed donor rate and develop a plan for re-engaging people who stopped giving. This could include a special letter written to LYBUNT [Last Year But Unfortunately Not This] and SYBUNT [Some Year But Unfortunately Not This] year donors. Don't call them lapsed donors but do update them on how their previous gifts have been used to change lives and invite them to attend a future event, renew their membership, make a gift, or volunteer.

Now is also a good time to look to the future. Research new grant opportunities or fundraising strategies board and staff have not had time to pursue. Examples include learning more about generational differences and how they impact giving; best practices for digital fundraising and direct mail; and updating the case for support will help your organization raise more money in the future.

Wash more than just your hands! Take time to clean-up your donor records, double-check addresses, and remove inactive records to maintain an accurate database of past and present donors, volunteers, sponsors, and the like. Making these improvements now will save time, reduce costs, and improve results from the next invitation list, newsletter mailing, or direct mail request.

Promote Your Reputation by Prioritizing Your Most Valuable Brand Ambassadors

Maintaining financial stability during these turbulent times is understandably a top concern for most nonprofits right now. While many of our organizations are paying extra attention to our valued donors, we must not forget our most important stakeholders— volunteers and employees!

How you lead during this tumultuous time of transition is essential to protecting your organization's reputation. While it may prevent your organization from being able to operate at its pre-pandemic

capacity, the wisest choice as we slowly inch back to business as usual is to err on the side of caution by first prioritizing the health and safety of your volunteers and employees. For better or for worse, your employees are in a unique position right now to be your most vocal brand ambassadors. News outlets are hungry to speak with frightened and angry employees about unsafe working conditions, particularly those that may also have the potential to cause harm to the consumer.

Use the public's now heightened focus on employee wellbeing to your advantage and give your staff something positive to share. Make sure they know you are doing everything you can to protect their health and safety. Take time to listen, answer questions, and address concerns. Be honest about job stability and cuts that may be coming down the line. Silence the rumor mill by positioning your top leadership as the most trusted and authoritative resource.

Finally, remember communication is a two-way street. Lead by listening and be willing to act on employee feedback.

Stay In Tune with Current Compliance, Risk Management and Financial Requirements

For many businesses and non-profit organizations, COVID-19 exposed inadequate insurance coverage. From event cancellation insurance to business interruption coverage, your coverage may have fallen short due to exclusions (including for communicable diseases), or deductibles that proved to be too high. Work with your insurance provider to review and update your policies for general liability, Directors and Officers, special events, etc.

If you have bank loans, seek deferment or to refinance for a lower rate (or longer term) to stretch your dollars and preserve cash. Ask your Landlord for some relief in reduced or delayed rent payments. Or request they donate funds to your non-profit which in turn can be used to pay rent on time. If your organization applied for Payroll Protection Program funds, get sound advice from a CPA or attorney to make sure you maximize the forgiveness and comply with the legislation to avoid penalties.

If you have a contract with a hotel or other event venue for an upcoming event and believe you need to cancel the event, consult an attorney before approaching the venue or other event-related vendors with whom you have a contract. You need to know the strengths and weaknesses of your options before proceeding to obtain the most favorable outcome. Even if you have hope that by the time the event date comes, the pandemic will have subsided enough to make your event worthwhile, you should negotiate to add to the force majeure clause specific terms to allow you to cancel later, if the need arises. Most force majeure clauses are simply not specific enough to guarantee you can cancel due to COVID-19 without penalty. Until lawsuits make their way through the court system, it is uncertain whether "Acts of God" or "Government regulations" will be deemed to cover COVID-19. As the economy opens, it will be even harder to claim force majeure, but you could see a massive drop in attendance and need to cancel or reduce the attendance commitment. Also, we could have a resurgence of cases. As the saying goes, hope for the best but plan for the worst.

Just like all employers, nonprofits are obligated under OSHA and other applicable laws to create and maintain safe and healthy working conditions. To add to the complexity, you have to navigate HIPAA compliance to ensure you are not violating privacy rights when asking about an employee's health. Then there are unemployment claims for reduced working hours, furloughs, CARES Act extensions of the right to sick pay and extended Family Medical Leave Act terms. While it is never desirable to spend limited funds on legal fees, the failure to comply with laws will have far more costly ramifications.

Seek Guidance from a Nonprofit Sector Professional

During these challenging times nonprofit leaders and their boards of directors may find it prudent to seek the services of a nonprofit consultant and/or professional services providers specializing in the nonprofit sector.

Nonprofit business consultants can assist with a wide range of issues such as: Board development and governance, strategic planning, operational planning, human resources, staff development and training, and training, development, fundraising and grant research or writing, marketing, public relations, crisis communications and social media, executive leadership search, coaching, succession planning and interim leadership.

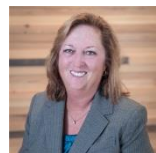
Professional service providers such as: attorneys, bankers, insurance brokers and accountants, can provide expert and up to date advice on legal, financial and compliance matters.

Each of the contributors to this whitepaper is a subject matter expert with years of experience serving corporate, public and nonprofit businesses. It is our sincerest desire to help every nonprofit organization face this challenge and adapt to allow you to continue to be a vital part of building strong communities. We are ready to serve you as you navigate COVID-19.

Contributors



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Nonprofit Business Leader “To Do” List

Be Tactical

- Assess your current situation and needs for staffing, volunteers, funding, expenses, technology, transportation, fundraising, etc.
- Create “What’s Next” Scenarios, short term, best and worst case
- Move to short term planning and goals
- Adapt your services, work and/or service location, delivery, etc. as needed
- Consider partnerships and mergers to continue to deliver services

Focus on Financials

- Manage your financials to preserve cash
- Tap into your Reserves or Emergency Fund
- Negotiate rent, facilities charges, and terms on goods and services, etc.
- Ask for discounts
- Review need for all subscription based services
- Review all future grants and contracts. Determine if future funding will be reduced or eliminated. Determine if all key performance indicators need to be met prior to receive funding.
- Explore options for lines of credit, loans, federal and state relief programs, etc.

Empower Your Board

- Engage your board in key decision making and problem solving
- Keep your board informed on financial status, staff, changes, additional service demands, changes to programming and events
- Communicate with your board on a personal level
- Ask your board to be part of the communications and fundraising efforts

Continue Fundraising

- Shift your fundraising strategy to digital media and virtual events
- Keep donors informed about current financial needs. Let donors and volunteers know specifically how they can help and support your mission, staff, and clients
- Plan a stewardship campaign to thank donors for their loyalty. Express your concern for them as an individual as well.
- Ask permission to apply donations for postponed or cancelled events to pressing needs.
- Ask long standing donors for a one-time special gift or a matching donation challenge gift.
- Update your donor database
- Plan a lapsed donor campaign
- Research new grant opportunities
- Update your “Case for Support”

Communicate to All Stakeholders

- Explain new/enhanced protocols, delivery, days/hours of operation, method(s) to contact/engage, etc.
- Update your employee performance measurements to reflect changes in the work flow and environment
- Seek professional guidance on changing HR policies.
- Understand and update your policies to reflect changes to HIPAA, I-9 forms, OSHA, Worker's Compensation, etc.
- Offer an EAP plan or offer an open discussion forum for employees
- Protect your reputation by prioritizing your employees, your most valuable brand ambassadors
- Regularly "Check-in" with your employees

Stay on top of current compliance and risk management requirements

- Plan for a return to the workplace, in phases if possible
- Prepare for potential legal issues with employment changes
- Seek Assistance to mitigate damages for event cancellations
- Evaluate insurance coverage and modify as needed
- Seek guidance and support from a nonprofit business consultant
- Seek professional expertise from your attorney, accountant, and insurance provider

Plan for the Next Crisis

- Create/update your Business Continuity plan
- Create/update your Key Leader succession plan
- Rebuild or Build your Reserve Fund
- Create an Endowment fund or funding campaign