

Doomsday 101:

5 Essential Ways to Prepare for the Next Downturn

By Drew Lindsay (*The Chronicle of Philanthropy*, July 6, 2015)

Nonprofit management experts suggest a few ways to prepare for the next recession — whenever it comes.

Identify core staff

Organizations should work to retain key employees they would like to keep during recession-induced layoffs, says Katie Smith Milway of Bridgespan. "In good times, you need good people; in tough times, you need fantastic people."

Strengthen board relationships

The best nonprofits have deep relationships with board members, says Jeffrey Walker, co-author of *The Generosity Network*. "Now is the time to go even deeper." Faced with competing demands in a recession, committed board members will make your organization a priority.

Replenish reserves

A Nonprofit Finance Fund survey suggests that more than half of nonprofits have cash reserves equivalent to three months of operating expenses or less. Research by New York University's Thad Calabrese suggests that a significant number of organizations have no reserves.

Plan for specific disasters

When conducting scenario planning, "think in fairly concrete terms," says Patrick Rooney of the Lilly Family School of Philanthropy at Indiana University. How would you protect program integrity, for instance, if your membership dropped by a third?

Diversify revenue

Developing earned-income programs tied to mission is not easy, particularly for small groups, but nonprofits must explore new income sources "that make sense and are within their capacity," says Dennis Young of Georgia State University's Nonprofit Studies Program. Many direct-service nonprofits are building individual giving programs.