

STRATEGIES FOR SURVIVAL



CHECKLIST

November 12, 2008
Williamsport, PA

The Pennsylvania Council on the Arts (PCA) convened a panel of experts to consider strategic choices in a turbulent financial climate. This check list was created as a resource for non-profits as they plot the road ahead in uncertain times.

Only months into a global economic crisis, there's insufficient data to assess the long term impact of economic news. More bad news is possible.

There are actions and implications for the present. We know that communication is important – with your leadership, your constituents, your funders, your creditors. We hope this gives you an overview and asks some basic questions you can use to begin working with your boards and staff.

Overview

- Understand news about the economy – pay attention but be circumspect
- Duration – potentially years, with longer impact and even longer recovery
- Trends – credit, banks, loans, investments, philanthropy
- Past experiences – what arts organizations have done in past recessions

Revisit Underlying Assumptions – engage your board

- Budget – check income and expense projections; look for savings
- Strategic Plan – check underlying economic assumptions (current and for years in plan)
- Spot check your strengths and weaknesses
- Revisit and reaffirm your core mission
- Consider possibility that former givens might change (eg. tax exemptions, PILOTs, RAD/hotel tax income, terms of loans and lines of credit)

Be certain adequate controls are in place – take immediate steps

- Cash flow history and projection – revisit underlying assumptions
- Internal controls
- Review bookkeeping procedures – accuracy and timeliness
- Reporting – increase transparency, reliability, validity, timeliness
- Required payments (withholding taxes) and timing
- Liquidity
- Identify what is negotiable – leases, pre-payment credits, sharing services
- Seeking advise

Communications (maintain visibility, speed/guerilla planning, reputation, and critical importance of personal contact)

- With board
- With bank/lender/credit holders/creditors
- With funders – new measures, donor management strategies; don't stop asking
- With audiences – marketing, technology
- Align your messaging to your constituents' realities
- Crisis – Stay calm; Don't circle the wagons; Make certain bad news rises to the top; No surprises; Know who delivers your messages and to whom; Maintain good media relationships
- Ask stakeholders for specific tangible things/actions
- Don't assume all funding will decrease; new tax policies and federal spending may mean increased deductions and opportunities
- Advocacy

Tough choices (is shrinking the best option)

- Priorities with respect to core mission
- Scenario planning – 10%, 20%, 50% or more reductions in income
- Programming – what's working, what isn't, check alignment with core mission, program costs and benefits
- Initiatives – suspend/postpone/terminate
- Capital projects and endowment campaigns
- Staffing – salary cuts, furloughs, decreasing benefits, making payroll, Reduction In Force (RIF)
- Endowment – draw down (legal issues), goals, investment strategies
- Pricing
- Shared resources

Find opportunity in crisis

- The urgency needed for beneficial change
- Tough choices leading to new and better business model