Practical steps for nonprofit contingency planning & cash management

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Our hosts

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Let’s acknowledge …

• This is not business as usual
• The sector’s compassion and optimism could work against us right now
• The single biggest mistake is waiting too long to act: **urgency counts**
• Better to have plans you don’t need, than to need and not have
• This is an ongoing process and not a one-time fix

“Chance favors the prepared mind.”

-Louis Pasteur
Survive to serve another day.

The world needs MORE of what you do!
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Step 1. Conserve cash

Lock down cash outflows: Stop sending cash out the door. Today.

Tight controls on every dollar out the door
- Stop automatic payments
- Defer payments on unsecured (and maybe even secured) debt
- **Mission critical only**
- Negotiate where possible
- Minimal payments only
- Challenge every expense

**HARD TRUTH:** Vendors may complain, but it’s in their best interest for you to stay in business.
Step 2. Cash flow is key

Get a line of sight on cash inflows and outflows

Look at accounts receivable (A/R)
- What revenue will actually come in and when?
- Could any funders/donors remove restrictions?
- Could any funders/donors speed up payments?

Look for new revenue opportunities
- What government initiatives might we qualify for?
- What philanthropic initiatives are offering grants or loans?

HARD TRUTH: Cash is key. Assume nothing.
Step 3. Expense reductions and 6-month plan

Create short-term plan for expense reductions so expense and revenue projections align (cash flow)

- Staff reductions
- Create 6-month plan (marginal cuts won’t get you there)
- Define mission critical
- Assess impact on program

HARD TRUTH:
Costs follow people. Your primary obligation is to the mission.
Step 4. Create contingency plans

Create triggers (not timelines) for additional expense reductions through 2020 and 2021

- What will we do if our initial assumptions were wrong?
- What if your revenue dropped by half, again?
- What is your minimal survival number?

HARD TRUTH:
This is critical.
Survive to serve another day.
Step 5. Paint the path forward

Develop and communicate a plan for a new reality

- An investable plan for funders and donors to get behind
- A concrete set of steps we will take
- Demonstrates to stakeholders that leadership can make the right choices to weather the storm

The world needs more of what you do!
• Don’t wait too long to act: **urgency counts**

• This is hard: Do it anyway

• Be conservative, not optimistic in your planning

• Communicate – internally and externally!

• Hope for the best, but plan for the worst so you can …

  **Survive to serve another day!**
questions?
RevJen will have office hours available:

- Wednesday, May 6, 11 am central
- Wednesday, May 13, 11 am central

We will email links to these sessions to all attendees