

Welcome to the Fall Edition of "LAPA News & Views," a quarterly newsletter from [LAPA/Laurence A. Pagnoni & Associates, Inc.](#), providing indispensable tips on nonprofit fundraising.

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--AN INVITATION: We would like to hear back from you after you read this newsletter. PLEASE Let us know your thoughts and WRITE TO US TODAY! We will publish your comments in our next newsletter.

This issue of News & Views deals with the difficult economic problems facing the country and, in particular, the nonprofit sector. This is new territory and we want to hear what you have to say about the road ahead.

- ***What solutions come to mind?***
- ***What roadblocks do you envision?***
 - ***How are you managing?***

Please share your questions and thoughts with us, within 72-hours, if possible, or at least by this time next week.

We will share your thoughts with our other readers in a special issue to be released shortly. If you would rather your comments be shared without attribution, just write to us anonymously. LAPA reserves editorial rights.

E-mail your thoughts to Laurence at lpagnoni@lp-associates.com

A PERSONAL NOTE FROM LAURENCE:

After Lehman: Thoughtfully Dealing with Recent Economic Challenges

By Laurence A. Pagnoni



As Christmas was celebrated in a small New England town during the Depression, a fire broke out in one of the isolated houses. The Volunteer Fire Department raced to the rescue. Other members of the community dropped everything and came to see what help they could offer. Some provided a Christmas dinner for the family who lost their home, others chipped in to help tide the family through the winter.

The interesting thing about this story -a true story, by the way, reported in the *New York Times*- is that the family in the burning house had only lived in the town for a little over one month. Such a sense of community had developed, in that time, that the neighbors collectively put their holiday celebrations aside and arrived in full force to do what they could *for virtual strangers*.

We have been told that the current economic challenges are the most serious since the Depression. The collapse of Lehman Brothers, Washington Mutual, Wachovia, and others, the general tightening of credit, and consequent fear of a prolonged recession, inevitably mean a decline in foundation dollars for the foreseeable future. All of our houses, so to speak, are burning.

But like the little town in the Depression story, the nonprofit sector of New York City also has a strong sense of community. We can depend on one another for strategies and coping mechanisms, ideas and inspiration. So let's start a conversation about what nonprofits can do to weather the downturn.

Below are my initial thoughts, which I am circulating to stimulate discussion. I hope you will read them when you have a couple of minutes to reflect, because in return I would like your thoughts. **Please e-mail me at lpagnoni@lp-associates.com within 72-hours with your ideas.** When everyone's comments and suggestions are in, we will publish your comments. Your name (unless you prefer anonymity), the name of your organization, and your remarks (edited perhaps for brevity or content) will be published in a subsequent edition of this newsletter two weeks from now, circulated to 4,500 members of the New York nonprofit sector.

Here are my nine initial thoughts aimed to stimulate discussion. What solutions come to your mind? What roadblocks do you envision? How are you managing? After you read these thoughts, do let me know. Here goes:

Now More than Ever

This is the time for you and your senior staff to develop a case for why philanthropy is necessary right now *because* of the economic situation. Put it in the form of a letter and indicate that the letter was written by the executive staff. Pilot the letter with three stakeholders before a general mailing. Only when you're sure of the letter, when you feel that it glows, send it to all of your supporters and ask for their feedback.

Cash Reserves

One of the little-known aspects of fundraising is that the Better Business Bureau permits a nonprofit organization to keep up to three times its annual budget in cash reserves, in other words, a three-year cushion. Your "now more than ever" argument may include the necessity of building up a cash reserve against further economic reversals. You may also consider cultivating revenue sources for this need that you may not have developed before. If you have shied away from ratcheting up your individual donor program, now is the time to engage.

MOU

If your emerging nonprofit has not yet been able to make a breakthrough with funders, consider approaching a well-established nonprofit working along parallel lines and become a project of the larger organization. The parent organization would provide cash flow, and your subsidiary would generate new outcomes for the mother ship. A well-defined Memorandum of Understanding (MOU) can protect your autonomy and allow you to focus on the program work instead of the institutional

building tasks.

Merge or Be Acquired

Michael Clark, executive director of the Nonprofit Coordinating Committee of New York, a resource for more than 1,800 nonprofit organizations in Greater New York, recently observed more merger activity locally, especially among foster-care and youth-services agencies. As an example, he points to Good Shepherd Services, a social services agency that in 1996 merged with McMahon Services for Children and in 2005 absorbed Pius XII Youth and Family Services. Clark feels that mergers are often helpful in generating new funding, since the newly formed group frequently is perceived as being more stable and effective. "Fundors are very attracted to mergers because they get more bang for their grant dollar," says Clark. Moreover, merger and acquisition attorneys with experience in guiding and negotiating these arrangements in the corporate arena are starting to advise the growing number of nonprofits looking for a partner.

Expand Your Board

A board member's responsibility is to give and get money for your nonprofit. Adding new board members means more giving and getting. First, however, raise the criteria for the "give and get" so that new board members will be responsible for securing more funds. Then consider using **BoardAssist**. **BoardAssist** is a New York-based nonprofit whose clear mission is to identify and recruit high-impact board members for the nonprofit community on a pro bono basis. See www.boardassist.org.

Volunteers

Some people would have you believe that New Yorkers are too busy to volunteer. Nonsense. Busy people get things done. This is the time to evaluate your use of volunteers. Think strategically. Are there more tasks that can be discharged by volunteers? How can you make better use of this workforce? What projects have been left undone because of lack of staff time? Every dollar saved by employing a volunteer to better advantage is another dollar that can be devoted to program costs.

BBB Seal

As competition for the philanthropic dollar intensifies, you may, if qualified, set your agency apart by displaying the seal of the Better Business Bureau. The Education and Research Foundation of the Better Business Bureau of Metropolitan New York offers New York charities that meet its standards the option of applying for a BBB NY charity seal that can be displayed both online and in solicitation materials. The seal is a clear, concise, and easily recognizable symbol indicating that the organization adheres to the BBB's Standards for Charity Accountability. Only charities that meet the standards are eligible to apply for the seal. Participation in the seal program requires a license agreement and a fee, which is based on a sliding scale. For more information and a list of the comprehensive standards, see <http://newyork.bbb.org>.

Dear Landlord

As in the old Bob Dylan song, this may be the moment to petition your landlord. Consider asking your landlord for a meeting to discuss modifying your lease for 2009 in light of the financial calamity. Strategize with a board member prior to the meeting to decide on the best approach. One of our clients did this, and although the agency did not get a rent reduction, it did get a new major donor. The landlord made a significant contribution for operating expenses. Remember, a check of, say, \$5,000 from a landlord could replace a grant from a bank foundation that has either disappeared or tightened its belt.

What Not to Do

This is not the time to buy a building, nor is it the time to ask donors for gifts of appreciated stock!

What ideas do you have that you would like to add?

What do you think we can do as a community to protect the nonprofit sector during this difficult economic time?

Please email Laurence at lpagnoni@lp-associates.com within 72 hours and share your thoughts. We are more likely to share and respond to e-mails in the order that we receive them, so if you cannot respond within the next 72 hours, please get back to us no later than the end of next week.

Thanks.

LAPA NEWS

Recently, the subject "Higher Level Fundraising" drew a gathering of top nonprofit leaders. The seminar, held at the Houston Street Center in SoHo on September 29, gave participants a chance to discuss their current fundraising dilemmas with Laurence. The first thing on every fundraising professional's mind was the state of the economy and the first half hour was spent discussing how non-profits can best deal with the current economic downturn. (See article in this issue entitled, *After Lehman: Thoughtfully Dealing with Recent Economic Challenges.*)

A vibrant discussion of whether diversifying funding sources was a suitable response to the economic crisis ensued, and Laurence noted that a "must read" on the subject is the article, "How Nonprofits Get Really Big", written by William Foster & Gail Fine, Spring 2007 in Stanford Social Innovation Review. See this link http://www.ssireview.org/articles/entry/how_nonprofits_get_really_big/

The answers varied as much as the types of organizations that were on hand.

Other topics emerged, including, but not limited to:

- How to determine capital campaign readiness;
- How to motivate an annual donor to become part of a capital campaign;
- Retaining new donors when the capital campaign is over;
- How to meet higher operating costs;
- How to build a strong individual donor program;
- What do private foundations want? and
- Paying for growth - the benefits of outsourcing non-core functions.

We were delighted to see a diverse group of organizations in attendance, including, but not limited to:

Public Health Solutions, Barrier Free Living, Center for Court Innovation, Greenwich House, the Center for Nonprofit and Philanthropic Leadership (Rutgers University), Henry Street Settlement, New York Cares, and Lutheran Social Services.



Laurence facilitating the conversation at Higher Level Fundraising workshop held at the Houston Street Center on September 29, 2008.



On, September 18, Laurence also facilitated a group discussion at Baruch's Executive Transitions Conference about succession planning of executive leaders in the nonprofit sector.

On Wednesday, November 12 from 8:30 am to 12:30 pm at Dance New Amsterdam (53 Chambers Street - In Front of City Hall), a panel will convene on the topic of Arts Facilities: Getting the Most out of Real Estate Development Projects. Experts will be on hand to discuss how to effectively manage a real estate project, avoid common pitfalls, and discover available resources.

Aside from Laurence A. Pagnoni, President of LAPA, scheduled to speak are panelists from the following organizations: NYC Department of Cultural Affairs Capital Unit, NYC Economic Development Corporation, Arts and Business Council of New York, Landair Project Resources, Inc., Urban Initiatives, and Seedco Financial.

The event is free but you **must be an organization currently planning or implementing a real estate development or acquisition project.**

To register go to: <http://app.formassembly.com/forms/view/41077>

For more information, contact Charlie Wolfson at (212)994-4521 or cwolfson@seedco.org

We hope to see you there!

If you would like Laurence and/or one of LAPA's many associates to speak at your organization, please contact us at 212-868-4800 or info@lp-associates.com. Give us the topic, and we will customize training to fit your particular needs.

LAPA senior staff and associate consultants may be reached by clicking on the names below:

[Laurence A. Pagnoni](#), President
[Blanche Norman](#), Director of Grants Services
[Enid Harlow](#), Senior Grants Officer
[Sheldon Bart](#), Grants Officer

LAPA works with over 30 nonprofit professionals, who provide a wide array of services, such as planned giving, strategic planning, prospect research, and government grant proposal writing and project development.

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