
NONPROFIT ORGANIZATIONS IN TOUGH TIMES: THE VIEW FROM GROUND LEVEL

Susan Carter

THE REALITY AND PERSPECTIVE OF THE SMALL AND MEDIUM-SIZED ORGANIZATIONS that constitute the majority of nonprofits in the country is critical to understanding the nonprofit landscape. A number of recent surveys have taken a snapshot through the lens of tough economic times, and their findings are significant.

The economic downturn of the last eighteen months has affected all communities in the country, some much more than others. It has also had a big impact on nonprofit organizations, and some sectors have been affected more than others. This economic context has prompted a number of funding and grantmaking agencies and networks to “take the pulse” of the sector in their province or city to determine how they are weathering the economic challenges and what strategies and approaches they are adopting to survive and continue to serve and build community in the face of increased needs and shrinking resources. These studies and surveys also provide a useful window on the current thinking of nonprofits, specifically on how they are going about their business and how they see the future.

The Ontario Trillium Foundation reached out to 110 of its grantee organizations, as well as to some funders and grantmakers, to take a snapshot of their experiences and perceptions early in 2009. It then produced the excellent report “Challenges and Opportunities for Ontario’s Not-for-Profit Sector During Tough Economic Times.” A follow-up report later in the year checked on how these same organizations were doing at year-end. The Vancouver Foundation surveyed some 850 organizations across B.C., asking what 2009 had been like for them and what they anticipated for 2010. The Calgary Chamber of Voluntary Organizations did likewise, surveying organizations throughout Alberta (the third such survey since late 2008) and summarizing findings from 472 respondents in a report entitled “Stretched to the Limit: Economic Impact Survey, Alberta’s Nonprofits and Charities.” Many umbrella coalitions in other provinces and cities have taken the pulse of particular parts of the sector; one example is the Ottawa United Way’s “From Obstacles to Innovation: The Impact of the Economic Downturn on Ottawa’s Social Service Sector.” In many parts of the country, seminars, and workshops have been held to talk about the implications of the economic downturn for the sector and how to deal with it. At Carleton University last winter, a seminar brought together a number of agencies and funders to discuss “Working Through the Economic Crisis.” And, in the fall of 2009, Imagine Canada held community conversations across the country as part of its Engagement Strategy.

SUSAN CARTER is a researcher and advisor on the third sector. She is also an Associate Editor of *The Philanthropist*. Email: slcarter@magma.ca

All of these efforts, singly and together, provide an excellent picture of the current reality facing organizations on the ground as well as funders and grantmakers.

In describing the findings from multiple sources – which themselves are compilations of findings – and articulating what organizations have in common, there is a very real danger of losing sight of many of the specifics and the detail. These snapshots of organizations throughout 2009 make clear that the vast majority are struggling with the reality of and the fallout from hard economic times. The impact has hit different organizations and sectors at different times and with differing degrees of severity. These tough times mean that many parts of the sector are facing increased levels of need for their programs and services at a time of declining revenues. Funding agencies and grantmakers themselves are facing greater demands and fewer resources; individual donors, with reduced pension income and/or job loss or shrinkage, are less able to contribute; and most governments, including the federal government, are either cutting back on programs that produce revenue for the nonprofit sector or warning that they will be doing so in order to repay the deficits created to address the downturn and stimulate activity. Some sector organizations face continued increases in operating costs, such as the cost of insurance and supplies, etc. In specific cities and regions there are particular challenges for the nonprofit sector. For example, one city experienced a long strike in public transportation. In a few parts of the country where the economy barely slumped, the boom meant increased competition for employees and attention. In Quebec, the shifting roles of government and the private sector with respect to the community sector and the social economy mean that organizations are being forced to rethink and restructure their approaches.

These survey snapshots also make clear that organizations generally fear that the economic downturn will get worse or, at the very least, will not improve in any way that will change their situation. There is much less turning to the approaches of the past in persuading governments or funders to change their minds. The organizations whose views are reflected in these studies are, by and large, looking to themselves and to others in the sector to develop ways to cope with the challenges they face. While there is pessimism about the economic future, there is also resilience and optimism about finding ways to persevere and prosper through these tough times. (The Ontario Trillium Foundation's follow-up to its early-2009 survey found that the situation had unfolded largely as predicted: revenues had declined but less than feared, the fundraising climate had deteriorated, and needs in many areas had grown.)

What is striking in all of these findings is the similarity of perspectives and responses being developed by small and medium-sized organizations. The response of larger organizations is similar in many ways, but their vantage point and resource potential put them in a somewhat different situation.

Many organizations are preparing more conservative budgets, undertaking further belt-tightening and, in some cases, reducing or eliminating programs and services. Nearly all organizations speak of “being stretched to the limit” and “doing more with less.” This is what so many have become adept at when dealing with tough times in the past. But what is more positive is that most are re-examining their operations and finding different ways of doing things. All are creating new revenue sources or diversifying or but-

tressing their existing revenue bases. They stress the continued importance of having some level of predictability in their revenue but appear to be focusing more on ways to address the unpredictability than to turn it around. With overall declines in funding from public sources, foundations and individual donations assume a more prominent role for garnering income with many organizations looking to social enterprise activities to generate a more sustainable financial base. The Vancouver Foundation study found that fully half of the organizations it surveyed had revised their strategic and operating plans. The Ontario Trillium Foundation follow-up study confirmed that by the end of the year nearly all organizations had revised plans in place, and many reported growing social enterprise activity. Many organizations are exploring different and innovative ways of carrying out their work. Some, in fact, suggest that the current context provides “an opportunity to do things differently.”

All the of studies report growing interest in establishing or joining networks to share materials, resources, space, and back-office functions in order to reduce costs, and there are experiments with deeper collaborations, including sharing board functions. A second reason put forward for associating with networks or umbrella organizations is to enable a more effective collective voice: these collaborations strengthen the capacity to advocate effectively on behalf of a collective perspective as opposed to a particular organization.

Imagine Canada’s community conversations held over the fall of 2009 as part of its Engagement Strategy validate these findings. Organizations are turning more to themselves and to others in the sector to move forward by finding new, innovative ways of working and by greater sharing and collaborating. (Imagine Canada heard that more organizations are putting forward for discussion some of the “elephant in the room” questions, such as “are there too many organizations in this field?” “Do we all need to have separate governance structures?” And, “are some activities better done by the private (or public) sector?”)

As organizations on the ground continue to deliver, advocate, and innovate, there is much to be gained from banding together and developing better and more effective ways of carrying out their important work. The resilience and innovative spirit of nonprofit organizations on the ground is truly impressive, and it will be important for umbrella organizations and networks to support and assist in these new directions. Regular snapshots and dialogues should also help.

The following websites provide more details on the studies referred to and provide links to broader dialogues and discussions:

Trillium Foundation. (2009, March). *Challenges and Opportunities for Ontario’s Not-for-Profit Sector during Tough Economic Times*. URL: http://www.trilliumfoundation.org/User/Docs/PDFs/research/challenging_times.pdf [February 3, 2010].

Trillium Foundation. (2009, Fall). *In Challenging Times, Ontario’s Not-for-profit Organizations Rise to the Occasion*. URL: http://www.trilliumfoundation.org/cms/en/challenging_times.aspx [February 3, 2010].

Vancouver Foundation. (2009, October 26). *Survey shows how tough it was on*

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- BC charities in 2009 – and what's expected in 2010.* URL: <http://www.vancouver-foundation.bc.ca/whatsnew/NR-WeatheringTheStorm.htm> [February 2, 2010].
- Calgary Chamber of Voluntary Organizations (CCVO). (2009, November 30). CCVO *Releases Results of Sector Economic Impact Survey.* URL: <http://www.calgarycvo.org/news/ccvo-releases-results-sector-economic-impact-survey> [February 2, 2010].
- United Way, Ottawa. (2009, November 25). *From Obstacles to Innovation: The Impact of the Economic Downturn on Ottawa's Social Service Sector.* URL: <http://www.unitedwayottawa.ca/downloads/From%20Obstacles%20to%20Innovation%20report%20-%20FINAL.pdf> [February 2, 2010].
- Carleton University. (2009, January 30). *A Critical Conversation - Working through the Economic Crisis: The Future of Canada's Nonprofit and Voluntary Sector.* URL: <http://www.carleton.ca/criticalconversation/futureofnonprofit.html> [February 2, 2010].
- Imagine Canada. <http://www.imaginecanada.ca> [February 2, 2010].