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Phil Morpew

***The Current Economic Crisis***  
**Economic Woes Hit Non-Profits Hard (Part I)**  
 by Phil Morpew, Senior Associate, The Regis Group

*The 2008-2009 economic downturn has profoundly affected almost all segments of the business community, including non-profit institutions.*

This is the time for wise leaders to ensure that all assumptions are questioned, that strategic planning and execution are intrinsic to organizational systems, and that responses to current challenges are both fair and properly communicated to all who have an interest in the organization.

**Significant Reductions**

Museums, educational organizations, and other organizations with missions aimed at charitable works have experienced enormous losses to the bottom line. These losses are manifested in reductions in receipts from user fees, grants, and donations, and in losses resulting from declining values of equities. It is clear that many, if not most, foundations will reduce the level of giving substantially in 2009; the level of giving may not recover to 2008 levels for many years. If your organization is reliant upon foundations, know that such grants will likely be reduced significantly in 2009 and beyond.

As a result of current financial concerns, many leading non-profits are making significant staffing cuts, reductions in travel, delays in plans for expansion, all in a concerted effort to limit the long-term damage. Such actions may be absolutely necessary. We here at TRG would be the last to suggest that a head in the sand would be the best approach to facing today's financial challenges.

**New Opportunities**

However, adversity brings with it new opportunities. CEOs and Board members in the non-profit sector must



***President's Letter***  
**Making It Real**

In this time of unusual culture-wide stress, the risk of standing still in the marketplace, while telling ourselves that we are in motion is a very real concern. Organizations that are confronting declining revenues in the face of steadily increasing competition are now becoming the norm. At the same time the general financial squeeze means that more entities are aggressively pursuing shrinking market demand, or worse yet, a demand that comes with a more discriminating eye on the part of the customer.

**Delayed pain**

While for-profit businesses are being directly hit, the non-profit world is in an odd moment of delayed pain. As discretionary funds dry up and then fall, membership numbers waiver and secondary income hesitates. In the face of the spread of these conditions, the

think carefully about the possibilities, and consult with others before moving forward with irreversible actions.

What are some of those possibilities? Consider ways to bring new economies to operations without significant cuts in human resources. Could alliance with other, similar organizations bear fruit for all, perhaps through joint purchasing or shared services? Can the need for reductions in personnel costs be met through attrition, rather than forced lay-offs? Can services be expanded to target audience through electronics, thus filling unmet needs with limited increases in operating costs?

*(Watch for more possibilities in Part II in the April Agenda)*

**Focus on the Future**

**Guest Predictions: Dr. Kurt Daw**

*Guest Predictions is a regular feature in which we ask leaders in a number of professions questions that affect us all.*

*Dr. Kurt Daw, Dean of the College of Creative Arts at San Francisco State University, is a nationally recognized expert on arts policy in both civic and higher education contexts. Formerly Dean of the School of Fine and Performing Arts at the State University of New York - New Paltz, he was the recipient in 2001-2002 of an American Council on Education (ACE) Fellowship. Dr. Daw has directed professionally for both theater and opera companies.*

**Q: What changes in your professional environment in the past 3-5 years have you found to be the most beneficial?**

**A:** I have a foot in two worlds - higher education and the arts/entertainment industry. In both of them I've noticed a new emphasis on creativity and innovation developing. In the entertainment world this represents a slight loosening up, but in higher education it is a revolution. Until recently creativity has not been thought to be teachable. It is a great movement forward in education to realize that not only can creativity be nurtured, but it is a cognitive mode that can be studied and learned.

**Q: What changes have been the most**



**Dr. Kurt Daw**



**Fireman Eric**

immediate and potentially critical next steps are a formal reassessment of circumstance, followed promptly by the reset of both near-term and, potentially, long term efforts.

No one magic bullet will win the day, but this day can most definitely be won.

*Marc Paul Chinoy*

**CHECK**

**Check out the new Regis Emergency Tool Kit Practical Tools for Difficult Times**  
[Click Here](#)

**Regis Associate Eric Zimmerman Honored**

Our Associate Eric Zimmerman, an attorney in Leesburg, Virginia, was recently made an Honorary Volunteer Fireman for his service to his hometown fire company. Eric was involved in the transfer of twelve acres of property from the fire department to the Town of Purcellville, Virginia.

**An Easement**

However, before that transfer was completed a conservation easement was placed upon the property to insure its continued use as a

**troubling to you?**

**A:** Economic hard times have led to a lot of budget cuts in education - which is the single worst possible response. When the going gets tough is precisely when we need a more educated and creative work force.

**Q: How will globalization (e.g. the emergence of new global powers, such as China and India) affect your professional area in the near term?**

**A:** It has already changed both areas dramatically. Slumdog Millionaire's total domination of the Academy Awards, including the award for best picture, was proof that even in our popular entertainment choices - once culturally specific - we now live in a global society. Mass media can't be provincial anymore, knowing that more audience members for the average film now live outside than US than in it. In higher education, global awareness has been slowed by visa policies that made it far harder for foreign students to enter the US for the past five years, but that seems to be thawing now. The US cannot afford to ignore the Bologna Compact, which is bringing European universities into alignment. To stay competitive we need to participate on the level of global standards.

**Q: What significant challenges might be anticipated in your professional area in the next few years?**

**A:** I suspect that both industries in which I work will be so revolutionized in the next decade that they may emerge in almost unrecognizable forms. Entertainment is shifting toward on-demand, individualized consumership. Within a decade it may be completely personalized. Higher Education is also going to be less location- and time-based, and more individualized. It will be more about competency and less about credentials. "What can you do," not "where did you learn it?"

**Q: What are the greatest challenges confronting young professionals in Western culture today?**

**A:** Right now, I think the hardest thing is getting an initial toehold. There are not a lot of entry level positions. They are also challenged finding significant professional development opportunities and mentoring, because industries

recreation area, including a state-of-the-art baseball field and indoor skating rink.

**Tax Credits**

Moreover, as a result of that easement, tax credits were created that can be sold to generate additional operating funds for the volunteer organization.

**A "Win-Win"**

"The system of creating tax credits that can be sold by the fire department is the finest example of a 'win-win' situation," said Eric. "The public has the assurance of the preservation of a true jewel rather than more houses, the public can continue to enjoy the facility, and the fire company has a new source of income."

**BizSpeak:****Hung out to Dry****Definition:**

Made to pay severely for either errors or a bad political decision

**Related Terms:**

Human Sacrifice

**How it Sounds:**

"Jason was HUNG OUT TO DRY for endorsing Mary's pricing plan."

of all kinds are trying to sub-contract their early career workforce. I advise young people to factor in growth and development opportunities as heavily as salary and location when considering job possibilities.

**For More BizSpeak, check out the Book.**

**[Click here.](#)**

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