From the CEO’s Desk – Quarter 3 (Jul - Sept) 2012

As a part of this Index, CEOs of Trend Reporter organizations are given the opportunity to report on emerging trends in the nonprofit sector. The purpose for this component of the index is twofold. First, it provides a regular platform for nonprofit leaders to share first hand observations in an expedient fashion and with a collective voice. Secondly, the qualitative information provided in this component of the index provides context for the data presented in the overall index. Select quotes are provided and attribution is noted when permission was given by the respondent.

During Quarter 3 (Jul - Sept) 2012, nonprofit CEOs observed the following:

1. Funding
2. Changes to the Model: Collaboration, Consolidation, Competition
3. Concerns about the General Economy
4. Concerns about Politics
5. Employment and Staffing Challenges
6. Changes in Demand for Services
7. Leadership (Board/CEO)

Trend #1: Funding

Funding and financial challenges continues to be the top concerns among Trend Reporters. Of the 51 respondents to the Quarter 3 survey, 20 (39%) cited funding as the biggest concern. A few are experiencing upsweeps in donation levels; however, the majority claims that the financial situation is still dire for San Diego nonprofits.

Two comments are of particular interest. First, one Trend Reporter suggested that corporations are seeking more advertising return on investment for their sponsorship or donation dollars. Second, several Trend Reporters indicated that there has been an increase in in-kind goods and volunteer hours from those who used to contribute cash gifts.
“Staff reductions (ours and theirs) have made it much more difficult to collaborate with other organizations. And, it seems like the foundation and government granting pool is getting tougher and tougher!” Cindy Stankowski, San Diego Archeological Center

“We have started seeing our donors give at higher levels than the last 4 years.” Nonprofit CEO

“Cash donations are off but an amazing outpouring of in kind (school supplies for kids, diapers and formula, etc.).” Nonprofit CEO

“Simply put, we need our volunteers, food and monetary donors like never before, and they need to know it.” Nonprofit CEO

“Corporate support more closely tied to nonprofit's ability to gain exposure than in years past.” Nonprofit CEO

“Too many "special events" trying to raise money from the same donor pool.” Nonprofit CEO

Trend #2: Changes to the Landscape: Collaboration, Consolidation, Competition

As nonprofits continue to adapt to a difficult economic and funding climate, 29% of Trend Reporters (15 total) shared with us that they are seeing increasing numbers of nonprofits seeking to collaborate, consolidate, or compete for market share. This takes many forms including employee benefit related partnerships, program collaborations, and resource exchanges. One CEO indicated that the nonprofits with successful collaboration efforts are more likely to receive government funding.

“I seem to see a bit more collaboration between non-profits such as membership benefit exchanges, marketing etc.” Nonprofit CEO

“After many years of sector collaboration building, it appears the economic stress on organizations continues to push a higher level of competition. The competitive trend is also impacted by the change in leadership of many local nonprofits; new leaders from outside the community do not have the history and relationships in place to sustain the formal and informal collaborations that have been built over the last 20 years.” Nonprofit CEO

“The trend toward collaboration continues. We continue to hear from other nonprofits interested in sharing resources to reduce costs and spread resources as far as possible. At least two other nonprofits in our field have confided that they are experiencing significant deficits, resulting from shortfalls in securing funding at the level budgeted. While our funding has not come in as planned, we have thus far been able to reduce expenses commensurate to the income secured. A handful of donors who have contributed to our organization on a steady basis have
discontinued support this year or decreased their donations, citing a higher number of requests as the reason for the drop.” Nonprofit CEO

**Trend #3: Economy**

Given that the top two concerns are funding and adaption, it is not surprising that the third most prevalent trend or concern cited by Trend Reporter is the overall economy. Of the 10 Trend Reporters (20% of all respondents) who made mention of the general economy, it is clear that the situation is still difficult. According to Trend Reporters, there appears to be a sense of stability – things aren’t necessarily getting worse, per say – but there is difficulty in securing funding for vital program continues.

“There is a sense of "recovery" but little tangible evidence.” Nonprofit CEO

“It seems that larger nonprofits are better able to withstand the slowness of the economic recovery.” Nonprofit CEO

“[There is a] slight increase in economic strength. Most of the difficult work of adjusting to the 2008-09 downturn has been accomplished.” Nonprofit CEO

**Trend #4: Politics**

The Quarter 3 Trend Reporter survey was in the field during October, 2012, just weeks before the elections. It is unsurprising that 14% of Trend Reporters (7 total) discussed the political environment in their review of current trends. This discussion included national, state, and local political concerns.

“Things feel a bit 'up in the air' right now. I just get a sense that a lot seems to be in a state of suspension until the November elections take place. It's like everyone in the nonprofit sector is holding their breath.” Jim Stone, Walk San Diego

“Restoration of SD City / TOT funding to the arts is vital to the long-term health of the sector.” Reed Vickerman, San Diego Museum of Art (Deputy Director, COO/CFO)

“The Governor Brown-sponsored Proposition 30 may provide some relief to education and some state-funded programs, but there are no specific provisions in it to provide additional funding for our sector (services to people with developmental disabilities). Even so, if it passes it may reduce the probability of additional funding cuts. The still-sluggish economy is a concern, too, as we place people with disabilities into competitive employment.” Kirby Wohlander, Toward Maximum Independence
Trend #5: Employment and Staffing

Employment and staffing are cited by Trend Reporters as areas of notable change. The six responses (12% of all responses) which mentioned this area directly were divided in their remarks. One group seemed to feel like the economy has led to staff reductions. In their opinion, the prevalence of layoffs and hiring freezes is taking a toll on the sector’s ability to provide vital service. Others felt like there was movement towards hiring and/or retaining staff. A sense of optimism for the nonprofit sector’s future leadership was evident.

“It is exciting to see some hiring movement in the sector. It has been a long time coming, and bodes well for the future.” Nonprofit CEO

“Non Profit [sic] sector is attracting high caliber of talent.” Nonprofit CEO

“From my experience, the secondary schools with which we work were able to re-institute many of the positions they thought they would have to cut. Universities have had to make deeper cuts to their budgets than they expected.” Nonprofit CEO

“Staff reductions (ours and theirs) have made it much more difficult to collaborate with other organizations.” Cindy Stankowski, San Diego Archeological Center

Trend #6: Demand for Services

Six Trend Reporters (12%) indicated that demand for services continues to rise. For some nonprofits like museums, this has come in the form of increased tourism from abroad. However, for the majority of trend reporters, an increase in the demand for services is reflective of critical service needs such as food, shelter, and housing. One nonprofit, quoted below, indicates that the prevalence of child abuse has increased such that the staff does not have the capacity to engage in prevention work. Efforts are instead going to abuse victims.

As one CEO wrote, despite the financial challenges, the nonprofit “sector continues to provide large breath of services and activities vital to the community.”

“The intervention systems continue to be overloaded which means we can't get to prevention services. Our Child Abuse Prevention contract is able to do very little prevention because 99% of the referred cases are mandatory (i.e. the abuse has happened...not prevention). This is a very recession related phenomena.” Nonprofit CEO

“[There are] increasing numbers of refugees and asylum seekers in San Diego but fewer resources available to assist them.” Nonprofit CEO

“Negative impacts of war and a poor economy on military families have continued to take their toll and will have long term social consequences. For the most part, there have been several
years with lots of public talk about assisting them or changing the circumstances that bring them down. It has been just that....lots of talk, little or too slow actions of significance. There appears to be a complete disconnect between government [money] supposedly targeted to assist active and veteran military families and community based nonprofits that want to help. Economic struggles in families continues to impact children in the form of increased neglect and abuse.”
Sharon Delphenich, Casa de Amparo