



# Reference Guide to Cost Savings & Revenue Diversification

A contingency planning guide for nonprofits  
coping with budget cuts



# Introduction

While much of the U.S. economy has experienced a slow but steady recovery from 2008's "Great Recession", most of the nation's 1.6 million nonprofits have not. Especially hard-hit have been small, local nonprofits that lack the infrastructure to easily respond to changes in demand or in funding sources. According to a recent survey of nonprofits, 80 percent reported an increased demand for their services, but 56 percent could not meet that demand due to a lack of resources. However, the problem is much more complex.

Given the same organizations experiencing increased demand for those services are also sustaining deep cuts in the funding required to provide them, at-risk and in-need segments of the population find themselves without help. Nonprofits that once relied upon public funds and government contracts to serve the most vulnerable in our community must now find new ways to generate and sustain revenues without increasing expenses.

The following checklist, while not comprehensive, contains many ideas your nonprofit can evaluate and implement, some of which you may already be considering. All of the strategies and tactics have been, in some fashion, adopted by other organizations and together, create a set of options to stimulate further creative thinking.

# Financial: Cut or Control Costs (1/3)

Initiative	Already in Place	To Consider	Not Applicable
Analyze purchasing			
Improve purchasing procedures			
Seek in-kind contributions			
Network to get better prices on supplies			
Seek new competitive bids and new suppliers			
Analyze purchases to see if they are necessary			
Refurbish and reuse supplies			
Consolidate or restructure debt			
Negotiate delayed or reduced payments			
Barter for needed services			
Evaluate facilities and infrastructure			

## Financial: Cut or Control Costs (2/3)

Initiative	Already in Place	To Consider	Not Applicable
Share space or maintenance costs			
Eliminate or consolidate newsletters and brochures			
Eliminate vehicles or shift to less costly vehicles			
Delay maintenance			
Save space by moving, reducing size, using home offices, or using split shifts			
Negotiate a decreased rent with your landlord			
Design (more) energy-savings tactics			
Reduce hours or work week			
Cut, freeze, or delay wages			
Lay off staff; offer voluntary separation; offer unpaid leave; remove poor performers			
Share jobs, consolidate staff, increase workload			

## Financial: Cut or Control Costs (3/3)

Initiative	Already in Place	To Consider	Not Applicable
Use volunteers and graduate interns			
Reduce benefits, staff training, and staff development			
Limit or eliminate travel			
Cancel professional association memberships			
Switch to a direct reimbursement status for unemployment compensation			
Ask board not to submit expenses for reimbursement			
Share staff with other organizations			
Analyze your programs and services against your mission and financial goals			
Reduce or eliminate non-core programs			
Limit eligibility for programs; reduce the number of clients served			
Temporarily shut down some or all services			

## Increase Revenues (1/2)

Initiative	Already in Place	To Consider	Not Applicable
Speed the inflow of cash by invoicing promptly or offering incentives			
Try to get grants in the door earlier than the promised date			
Change management of cash reserves to improve unearned income			
Sell assets			
Spend down reserves			
Borrow money			
Diversify your sources of income			
Increase fees			
Analyze all the costs of providing a service			
Change fee structure to result in increased income			
Initiate or accelerate fundraising			
Research the larger community and current donors to improve response			
Increase board involvement in fundraising			
Increase planned giving			

## Increase Revenues (2/2)

Initiative	Already in Place	To Consider	Not Applicable
Find new donors and diversify funding base			
Reach out to under-asked populations			
Collaborate on fund drives; join a federated fund drive			
Mobilize everyone in the search for new resources			
Link with a business or credit card company to receive a percentage of sales			
Seek in-kind contributions that can be converted to cash			
Boost enrollment in or expand offerings of successful services			
Sell staff expertise and time			
Rent office space or equipment to others			
Sell valuable information that others need			
Charge others for a service you also use (for example, maintenance)			
Develop a catalog of products used by your organization and other nonprofits			
Charge a fee to serve as the fiscal agent for other organizations			

# Structural Strategies (1/2)

Initiative	Already in Place	To Consider	Not Applicable
Invest in technology that improves productivity			
Reexamine the mission and realign the organization accordingly			
Change the mission to enable the organization to respond to rapidly changing conditions			
Move out of direct support services and into prevention services			
Be a pilot site for some foundation, academic, or government program			
Eliminate programs that are redundant with those of other organizations			
Combine programs with like-missioned organizations to improve services			
Respond to a changing environment by changing programs			
Spin off a struggling or "orphan" program to another organization where it has a better chance to thrive			
Merge with or acquire a competitor's or an ally's program			
Relocate with a group of related organizations to form a one-stop shop			



## Structural Strategies (2/2)

Initiative	Already in Place	To Consider	Not Applicable
Become a for-profit; add a for-profit subsidiary; be acquired by a for-profit			
Enlist the support of potential funders as you modify your programs, and then request funds to support changes			
Take a more entrepreneurial approach to accomplishing your mission			
Share resources and expenses with other organizations that have similar needs			
Mobilize everyone in the organization to help market its mission, message, services, and needs			
Form associations to negotiate with contracting agencies as a block			
Collaborate with like-minded nonprofits; seek funding to support collaboration			
Develop a bartering resource system among nonprofits			
Create a nonprofit organization to insure nonprofits; return surplus income to policyholders			
Pool funds with other nonprofits to get a better return on the investment of capital			

# Business Community Engagement

Initiative	Already in Place	To Consider	Not Applicable
Form partnerships with businesses; find a host that will provide space, staff, funds, resources, or technical assistance			
Advocate for your organization's values and goals while seeking business involvement			
Share your vision of the future with businesses so they can see how they and their community will benefit			
Link with businesses that will benefit from the positive public relations your organization's cause will generate			
Network with small and midsize businesses with a personal stake in the local community			
Show businesses how to get involved in community issues that affect them			
Collaborate with businesses and other nonprofits to create "incubators" for new, innovative organizations			

Sources:

"Coping with Cutbacks: The Nonprofit Guide to Success When Times Are Tight."  
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