

Communicating Value During the Economic Downturn

The down economy offers a double-paned window of opportunity to nonprofit communicators – and the organizational leadership they support. From large institutions, such as universities and medical centers, to small community agencies, constituents and employees are eager for information about financial impacts during this unprecedented period of economic uncertainty.

It's prime time for communicators to be more visible and reach out proactively to counsel organizational leaders, who may, in fact, be looking for guidance and new ideas. It's a timely chance to communicate more and focus a lens on the organization's value while donors, alumni, volunteers, employees and those receiving services are seeking facts and reassurance.

In recent weeks, many business communicators have ramped up their “crisis” response, understanding that expectations are key influences on stability and growth. But many corporations have not reacted quickly enough. At a time when people are worried about their finances, jobs and the overall economy, 71 percent of employees say their senior executives are not communicating enough about current economic problems.¹ Building confidence in leadership and the organization's long-term outlook, not ducking for cover, make up “job one.”

The lessons are the same for nonprofits, whose viability also depends on customer relationships with their members, supporters and the broader community. Whether the communications office sits at the strategy table or plays a more reactive role, the economic crisis calls for sure-footed communications leadership. Promoting and crafting straight talk from executives will sustain engagement, loyalty and generosity, both internally and externally.

Hunger for Information

Nonprofits already are concerned about the economy's impact on fundraising and the lasting strength of their endowments. Along with enrollment in universities, membership in museums and patient activity in hospitals, sustained and expanding fundraising revenues are essential for daily operations and future growth. In the past few months, fundraisers have found that many current donors need more handholding and new donors are more cautious as their investment portfolios and retirement nest-eggs are rocking in volatility. Communication offices and development staff should be actively working together to develop appropriate marketing messages and the best ways to maintain donor engagement.

Although headlines have over-focused on gloom and doom, the news is not all bad. In fact, the longer historical view shows that despite several recessions since 1967, total philanthropic giving has increased in current dollars every year except 1987 (due in part to a tax law change), according to the Giving USA Foundation. The average drop during a recession has been 1 percent, and declines were usually brief.²

At the same time, some major philanthropists have announced they would increase their giving. Among them is Pierre Omidyar, the billionaire founder of eBay Inc., who is expanding his philanthropic firm. Several major foundations also have committed to boosting donations, investments and hiring.³ Prominent universities – including Emory, Carnegie-Mellon and the University of Texas at Austin – have not been deterred either, launching billion-dollar, multi-year campaigns in the past few weeks. Many university endowment managers, while cutting expectations for 2008, have said they will stay the course, with the target of long-term growth rather than short-term panic.⁴

¹“Company Leaders Not Communicating With Employees on Financial Crisis,” Weber Shandwick, Oct. 13, 2008, www.webershandwick.com

² Giving USA Spotlight, Issue 3, 2008.

³“EBay Founder's Philanthropic Firm to Donate More,” The Wall Street Journal, Oct. 22, 2008.

⁴“U.S. Endowments Grow Wary but See Opportunities,” Reuters UK, Oct. 23, 2008.

Online giving for the holidays is expected to hold relatively steady. Sixty-one percent of Internet donors surveyed recently by Convio and JupiterResearch plan to give as much this holiday season as in 2007. Communicators should be working extra hard to keep these donors engaged, since 35-42 percent of all annual online giving typically occurs in November and December. And beyond that, what messages will persuade the 35 percent who are unsure of how much they will give, or the 46 percent who plan to donate despite declines in their financial portfolios?⁵ Fresh ideas are key.

A Clear, Proactive Message

Marketing and fundraising communications by nonprofits are critical at the point where the mission and the environment intersect. So today especially, communications offices will bring great value by strategically anticipating issues and solving problems. Getting the right message to the right people at the right time so they can make informed decisions is crucial to sustaining and driving organizational visibility, growth and prosperity.

There are plenty of good stories to tell. Binghamton University, part of the State University of New York system, was spotlighted in *The New York Times* in October because its applications are up 50 percent. That's particularly newsy because Binghamton is the state's top-rated public university – and its tuition, fees and room and board are about one-third of most competitive private colleges. In this context, the university's marketing message is persuasive: "Can you afford not to choose Binghamton?"⁶

There are also financial challenges to address forthrightly, particularly as shrinking endowments may increase tuition costs, especially at institutions with smaller endowments. Public universities in Massachusetts and Arizona are among those facing operating budget cuts and layoffs, and the Ivy League institution, Cornell University, announced it is suspending hiring of non-faculty staff for six months. Possible mid-year tuition hikes at some schools are increasingly in the news.

The smart move is to get out early with information about what is happening in your organization. Duke University's president Richard H. Brodhead, for example, emailed a thoughtful and realistic status report to the greater university community. His straightforward description of endowment performance, financial priorities and strategic steps to ensure institutional excellence was intended to generate confidence among alumni, donors, students, parents and employees. Even if all the next steps are not absolutely clear, it's essential to stay in touch with all audiences about strategies that are in place and their results.

CEOs and presidents typically prefer that all details are buttoned down before communications occur. But that's often not realistic during fast-moving change. Making leaders visible and accessible and keeping constituents informed with the facts available along the way will foster greater understanding and buy-in as solutions develop.

Communicating for Success

People want to be associated with organizations that demonstrate sustainability through thick and thin by being smart, strategic and agile. That's all the more reason for the communications office to be organized with the end in mind. Staff know-how should be focused on emphasizing the big picture, supporting leadership's communication needs and bridging institutional realities with the information that various audiences need and want to know.

⁵ "\$3 Billion is a Click Away," Convio Online Fundraising Playbook Series, www.convio.com.

⁶ "Seeking Higher Education at Lower Prices," *The New York Times*, Oct. 26, 2008.

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Strategic Communication

The ultimate success factor is two-fold, communicating the organization's value and solidifying the value of the communications office. Here are some tips for achieving both:

- Understand the business. More than ever, communicators must have a detailed knowledge of the organization – its vision, strategic priorities, financials and progress toward goals.
- Cultivate strong internal and external relationships. Be visible, take the pulse of institutional audiences and provide market and risk analysis. Serve as a trusted resource for leadership and managers to help manage the organization's relationships with constituents and the public.
- Integrate, or at least play a lead role in coordinating, communications. Your ability to influence all the systems that link to your customers will help the organization speak with one voice and remain responsive to marketplace perceptions. Everyone in your organization is a communicator, officially or not.
- Be both *producers* of information and *facilitators* of communication. That means communicating the facts positively to offset misplaced concerns and showcasing compelling stories, people and outcomes. Keeping communication open and creating feedback opportunities will provide data and strengthen relationships with constituents.
- Equip executive leadership, fundraisers, other staff and volunteer boards with data they need to build effective internal and external relationships and talking points that support their work as institutional ambassadors.

The ROI for effective communications will shine through with accurate and credible information that conveys competence, builds confidence and creates organizational value.

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