



# Navigating Turbulent Times: *Voices from Metropolitan Detroit Nonprofits*

## INTRODUCTION

The current recession is front and center for most Americans, yet its impact on the nonprofit world remains one of the biggest secrets of these turbulent times. Nonprofit charities in metropolitan Detroit, which help to soften the blow of unemployment, foreclosure, hunger, homelessness, and other problems for millions of people each day, are themselves feeling the impact of downsizing, layoffs, and the disappearance of wealth from capital markets.

Like the members of the private and public sectors, leaders of the nonprofit sector in metropolitan Detroit are acknowledging the challenges of these times, identifying and leveraging the opportunities they present, and formulating new directions for continued viability. Nonprofits, after all, are not only familiar with troubled times—many were built to provide help and hope amidst even the darkest days.

This report captures key themes that reflect how some metropolitan Detroit nonprofits are experiencing today's economic recession. It chronicles the challenges they face, opportunities for growth and change, and ideas to help them better serve the region's citizens.

City Connect Detroit presents this report to inform funders, policy makers and community leaders about key issues related to the current health and well-being of the metropolitan Detroit nonprofit sector, and to serve as a catalyst for dialogue and problem-solving to strengthen the nonprofit sector.

## PROCESS

Information in this report was compiled by City Connect Detroit, based on conversations with and input from Detroit-area nonprofit organizations in "listening sessions" in early 2009. Data and information were collected from nonprofit representatives through a series of face-to-face group dialogues, electronic media, and personal interviews. Participants represented a diverse group of nonprofits from Detroit and several surrounding cities, extending as far north as Lansing. Together, these organizations serve hundreds of thousands of individuals in metropolitan Detroit.

The individuals who participated are reflective of the heart and soul of nonprofit leaders in metropolitan Detroit—they are a dedicated and highly talented group of individuals who strive for success on a daily basis to improve lives and strengthen communities. It is the voices of these leaders that make up the content of this report. See appendix for list of participating organizations.

*City Connect Detroit extends a great thank-you to all of the nonprofit leaders that participated in this effort.*

## FACING CHALLENGES TO SUCCESS IN THESE TOUGH TIMES

Many nonprofit representatives reported that the demand for services has increased rapidly, along with the complexity of problems people are facing. At the same time, the resources available to provide community services are dwindling. Nonprofits see these as troubling, interrelated trends, which currently are working to challenge the effectiveness and impact of their organizations.

### Escalating Need, New Faces, Increasingly Complex Problems

More and more people are in need of help today, including many individuals who never needed help before. Nonprofit participants reported increases in need across a wide array of service areas, including programs for seniors, children and youth; employment and training programs; emergency food banks; social services (food stamps, Medicaid, etc.); supports to returning citizens (from incarceration); health services; homelessness and housing services; and many others. One economic and social service organization noted, *"When you look at our record last year for our employment division we dealt with about 13,000 clients, and we've dealt with that many already this year (March)."*

**More and more people who never needed services before do now, and they often don't know how to get what they need.**

Nonprofit representatives pointed out that new faces are showing up for help due to recent job loss, foreclosures, and other economic stressors. Many new people asking for services are less familiar with human and social service networks, and have trouble understanding how to access services and navigate complex systems of care.

Not only has demand for services increased dramatically among most populations, but those who come for service increasingly exhibit multiple, complex needs. A common sentiment, verbalized by a nonprofit representative: *"We're being asked to do things almost beyond our capacity to meet the demand that's there."* When access to care is inhibited, those in need are more likely to develop chronic, complex problems, which are more difficult and costly to address later. As one nonprofit stated, *"We've always helped service the client, but things get more and more complicated every year."* An especially poignant example of this increased complexity was expressed by one nonprofit representative in describing the family support services of their agency, *"We are seeing an increase in the number of family members in a household because extended family members are moving in with each other, so we often end up needing to address and provide services to meet their needs also."*

### Dealing with Diminishing Resources

As demand for the services nonprofits provide are rising dramatically, many sources of funding are declining, resulting in staffing cuts and layoffs, reductions in benefit packages, salary cuts, facility stability concerns, and even the elimination of greatly needed community services. As one organization noted, *"We're now dealing with a large number of people coming in, without an extension of staff."*

Nonprofit representatives repeatedly commented on a three to five year trend of diminishing traditional funding sources, slower government reimbursement for rendered services, and less funding for overhead and general operating costs. One participant said, *"Our financial challenges aren't new to today, for the last five years or so we've faced a dramatic decline in funding. At one time we had a number of federal grants, but those grants have now dried up, those resources are no longer available."*

**Companies hard hit in Michigan by the economy are scaling back or halting corporate contributions to nonprofits.**

Nonprofits noted not only the declines in traditional government funding for many issues, but the disappearance of private funding sources as well. Often, nonprofits rely on support from corporate and other philanthropic foundations to augment core funding, provide general operating support, and extend services to more people. However, hit hard by the economic climate, especially within the automobile and related industries, many businesses and corporations in the Detroit-area have scaled back or stopped philanthropic giving completely. This includes heavily relied upon, traditional corporate sponsorships, grants from corporate foundations, and other types

of direct support from companies.

There is also awareness among nonprofits of the trend with foundations to target their funding to fewer, select priorities when funding organizations and programs. Consequently, many nonprofits that once qualified, no longer do. As cited from a recent article appearing in the *New York Times*, mentioned by several nonprofit representatives, *"The long economic decline of Detroit has prompted...foundations in the region to change how they operate. Faced with sharply declining resources and exploding need, they are being forced to pick winners and losers."* Many nonprofit representatives wished they could talk collectively with foundations about common needs, challenges, and potential solutions for these times. As expressed by one participant, *"We really want to have one of the listening sessions with funders present so they can hear our (nonprofits) stories."*

While the American Recovery and Reinvestment Act, the recently passed stimulus package, provides a greatly needed surge in funding, some nonprofits remark that they still are not sure what funding will be available for nonprofits, and whether nonprofits can prepare and position themselves quickly enough to access competitive grants. While they hope for opportunities to access some of these dollars, some nonprofit representatives are leery of costly stimulus requirements, and the short-term, shovel-ready nature of this funding. As one participant stated, *"It's great to have the Stimulus, but it's overwhelming for many. Many nonprofits, especially smaller ones, are not likely to be able to respond to the requirements and technicalities associated with a lot of this funding."*

Dwindling financial resources have caused organizations to assess their long-term sustainability, restructure and reevaluate programs and staffing, while seeking out untraditional revenue streams. Yet, a number of nonprofit representatives acknowledge that this may not be enough for some nonprofits to keep their doors open in these times.

## Increasing Demands to Show Results

**Funders want to see return on their investment now more than ever, requiring nonprofits to clearly measure and document results.**

Two systemic issues remain especially challenging for many nonprofits today: *outcome measurement*, and *access to needed data*. Nonprofit participants report that funders, with an escalating focus on ensuring their investments produce results they can see and measure, are now requiring more and more outcomes measurement, reporting, and evaluation. Yet, nonprofits often are without the additional resources and capacity to meet these requirements. This is, in many situations, an interrelated challenge to nonprofits' reported concern about lack of access to needed community data. Without access to data, reporting results is challenging. Accessing data for overall decision making—data about communities, populations, and need—continues to be difficult for many nonprofits. The data exists, nonprofit participants say, but those with the information are often unable or unwilling to share it, because of policies and procedures or a general unwillingness to collaborate.

## People in Nonprofits

Turbulent economic times affect board members, professional staff, and volunteers – the lifeblood of all nonprofits. Representatives observed several shifts in the roles and responsibilities of their “people force”

For boards, the restructuring and sheer capsizing of many corporations and organizations that serve as major sources for nonprofit board members is hastening the rate of board turnover at nonprofits; meanwhile board members are becoming more difficult to replace. According to some nonprofit representatives, *“Board members have had a great deal of personal upheaval—job loss, business loss and more. This has created a problem.”* Others commented on the need for board members to be more active in fundraising, particularly in helping to secure discretionary operating funds. Some nonprofit leaders are just starting to talk with board members about new roles, while others are testing new techniques to engage board members more fully in financial challenges facing their organizations. One representative shared her experience:

**Turbulent economic times affect board members, professional staff, and volunteers – the lifeblood of all nonprofits.**

*“Each Director was asked to create their own individual development plan – 16 out of 17 eventually followed through and did so. My Board was shocked when they saw the [whole] plan based on the combination of their individual plans—they had committed to hundreds of fundraiser tickets being sold and thousands of dollars being raised. At the end of the effort, they even actually exceeded their goals.”*

Several nonprofits also observed that more people are volunteering at their organizations (see section below). Given the trend to more professionally staffed nonprofits over the past couple of decades, nonprofit representatives emphasized that *“bringing volunteering back,”* while an important strategy, requires time, training, and transitioning to fully use these new volunteers.

Further shifts are being caused by layoffs and retirements of key staff within the nonprofit sector itself. One respondent noted that staff that could open doors for services and funding—through longstanding relationships with others—are increasingly unable to leverage those important relationships because their colleagues have disappeared from the local landscape.

## OPPORTUNITIES FOR GROWTH AND CHANGE IN A DYNAMIC TIME

The dynamic environment created by the current recession is rife with challenges, but it has also opened up many opportunities for nonprofit success. New ideas, resources, innovations, and perspectives are plentiful in the nonprofit world today.

### Inevitability of Change

In these times of great need but diminishing resources, many Detroit-area nonprofits are re-evaluating their efforts and are embracing the inevitability of change. While nonprofit representatives report going back-to-basics and digging into their inventory of tried and true techniques and best practices, they also are building on these basics to carry out new, more effective and innovative approaches to fulfilling their missions. The recession may be cutting into fundraising results, but nonprofit leaders increasingly are focused on strategic planning, communicating results, working smarter, and long-term sustainability. As one nonprofit representative commented, *"How can we develop an entrepreneurial or community economic development mindset, changing the way we do what we do as nonprofits? We're a*

**More nonprofit leaders actively pursue responses to the question "How can we do what we do better?"**

*significant sector of the economy. How can we utilize that better?"* Some nonprofits reported new outreach efforts to individual donors, believing that the potential of this market remains largely untapped, while others are strengthening their governmental relations given the importance of this funding source.

Unable to depend solely on their traditional funding sources, and with many understanding the importance of applying effective business strategies to their nonprofit framework, some nonprofits are exploring social enterprise opportunities, incorporating business techniques that build on existing core competencies, and strategically changing their service models. A nonprofit representative expressed that changes in their organization came in the form of decentralizing their location and placement of staff to serve individuals in targeted neighborhoods, rather than a centralized location, as place-based strategies gain more support from funders. All nonprofits reported on a variety of ways to meet the challenges of these changing times. However, no strategy for change and response to the times was more strongly expressed by nonprofit representatives than the need to forge new partnerships.

## 2009 Survival Toolkit: The 3 C's (Cooperation, Collaboration, Consolidation)

Simply put, working together never looked so good or necessary to so many metropolitan Detroit organizations. Nonprofit representatives strongly expressed the desire to, and the need for, cooperation, collaboration, and consolidation in these economic times. The spectrum of collaboration—from cooperation, to shared services, to full merger—was not readily embraced several years ago in the Detroit area, nonprofit representatives acknowledged. Yet, almost to a person, representatives said that finding more ways to collaborate is a strategic imperative for these times. Moreover, many nonprofit representatives reported that they are considering and actively engaged in a range of joint ventures, including full mergers. Having gone through the process, a nonprofit representative recalled their experience, *"We went through three [strategic alliances] over the last ten years. For the community and for the people in those communities, it was the best thing we could do. It was a long road, it was a long process, but I think we'd be open to do it again."* Some nonprofits think the benefits of this trend could be twofold: not only will mergers create more effective service providers; they could also loosen up additional funding by eliminating redundant services and organizations. As a nonprofit representative affirmed, *"The community benefits more if we work together - to make sure we aren't duplicating services and resources - than if we were working in our own silos."*

**No strategy for change was more prominently expressed than forging partnerships. With a dearth of available resources and increasing demand, more nonprofits than ever are willing to collaborate.**

Participants engaged in lively discussion about the time, energy and compromise needed to make collaboration work. As several listening session participants acknowledged, *"We are territorial people. On some levels it's easier to do your own thing. [Collaboration] is hard and it requires continual time and attention...[yet] we have to continue to do so to meet community needs."* Several representatives pointed out the need for definitions, standards, and strategic business plans for collaborations, especially for more permanent strategic alliances like mergers. Many also voiced the need for financial incentives and support for collaboration, and for help in identifying and building relationships with potential collaborators.

## Redefining the Nonprofit Workforce: Volunteers

**Volunteers are one of the few growing resources in the current economic downturn.**

Some nonprofits have actually benefited from corporate downsizing as more and more talented individuals who have lost their jobs take on a volunteer role in the community. As a listening session participant stated, *"On the volunteer side, things have been positive, [this is] the upside of having so many people out of work, on furlough, or collecting unemployment. It has really helped us maintain. The volunteer support has been critical."* Many representatives assert that volunteers are one of the few growing resources in the current economic downturn. They represent ranks of highly skilled, unemployed citizens, who are looking to give of themselves through continued civic engagement and, at the same time, gain valuable experiences attractive to employers. Coupled with a

renewed spirit of civic engagement all over America, and certainly in metropolitan Detroit, this makes now an ideal time to recruit, train, and put to work volunteers. For many nonprofits, this opportunity will take some retooling, but the value of volunteers cannot be understated. One nonprofit representative attested, *"We have seen an increase in demand of 30% for our services since last year. The increased number of volunteers we have recruited is the main reason we have been able to meet that increased demand."*

## IDEAS FOR A BETTER TOMORROW

Nonprofits may be battered by the economy and buffered by the opportunities it presents, but they are hardly out of ideas. In fact, participating nonprofits offered a variety of immediate ideas and recommendations on how to strengthen nonprofits. These ideas center on improved understanding with funders, raising awareness about community services and the importance of the nonprofit sector, encouraging greater collaboration—even mergers.

### Help Funders Become More Nonprofit -Friendly

Detroit-area nonprofits believe that many funding requirements, especially government rules and regulations, are having an adverse impact on nonprofits and the populations they serve. Working with

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local and state public funders is increasingly difficult, nonprofits report, and many worry that governmental red tape and lack of coordination inhibits effective service delivery. As one nonprofit representative put it, government needs to *"unfetter the bureaucracy so that we can better service the people."* Several nonprofits state that because some funders do not fully understand nonprofits, they are unaware of the impact of their requirements on nonprofit operations, especially in these times. Participants want opportunities to share suggestions with public and private funders about reporting requirements and flexible funding

options, as exemplified by one who stated, *"Don't make reporting requirements so onerous, and make funding easier to combine with other funding."* Nonprofits also suggested creating new opportunities for joint planning and coordination between funders and nonprofits, and advocating for an environment that welcomes advice and input on community needs from Detroit-area nonprofits.

### Navigators Needed

Nonprofit representatives commented on the difficulty of navigating public and private human and social services systems, both for clients who need help and for themselves as organizations. Clients and all individuals need to be able to figure out how to access public systems like health care and social security, and the array of community services available to them. Because of so many changes, requirements, and challenges, nonprofits also have difficulty

**Turbulent times call for leadership to navigate the waters of service systems.**

navigating these same systems and effectively coordinating their own work with other institutions. Suggestions included the need for leadership, perhaps designated entities, to serve as “system navigators” that disseminate information, coordinate services, advocate for system flexibility, and use technology to help nonprofits and citizens access public service systems and the multitude of community services available.

### Marketing and Technology for Nonprofits Sake

**There is a growing consensus that nonprofits need to tell their stories better to boost awareness of, and investment in, the sector.**

For too long, nonprofits have relied on nothing else but their good works to tell their story. Unfortunately, the work of too many nonprofits goes unnoticed and unappreciated. There is a growing consensus among nonprofits that social marketing – using various media markets and technology to increase awareness about, and influence, social needs – is a strategy that will boost investment in the sector. Representatives declared that hard work, strategic thinking, and new resources are required to develop the capacity for increased marketing and communications, and for understanding the importance of technology in a sector that has long used

most resources for direct services. Nonprofits suggested that funders and policymakers encourage and support social marketing in nonprofits, and invest in new communications strategies and new technologies.

### Creating a Culture of Collaboration

Increasingly, as noted earlier in this report, Detroit-area nonprofits recognize the value of collaboration, and are ready and willing to collaborate more. Yet, many wonder what the next steps should be to shift collaboration from “a nice thing to do” to a more strategic way of doing business. Several nonprofits suggest that the first step is more coordination and system thinking within the nonprofit sector, observing that, “...more community planning is happening elsewhere, but not very often in Detroit.” Nonprofits thought that creating a visionary *blueprint* for the nonprofit sector was necessary, while others called for nonprofits to get together and lead “a major reorganization of the sector.” Many nonprofits declared that more system wide planning should address tough questions about duplication, proliferation of nonprofits, financial stability, and sustainability. As one participant asserted, “... [we should] define and articulate what can’t we do, what we will stop doing, what we don’t need to do; and what can we do differently and what we will do better?”

**We love collaboration. It’s perfect! Now what?**

Other nonprofits want help in exploring a wide range of collaborative options, using professional firms and other organizations to conduct feasibility studies on when and where collaboration could work, especially for mergers and consolidations. Nonprofit representatives also proposed investing more time in working together on operational efficiencies (i.e., joint services, shared databases, consolidation of



backroom operations). Suggestions also included establishing a match-maker service in the Detroit-area that could identify potential strategic partners for joint programming, joint administration, or mergers, and more training and skill development in collaboration for nonprofit leaders.

Collaboration is “*no magic bullet*,” several representatives declared, and nonprofits must diligently continue their focus on measurable outcomes, community value, and accountability. Collaboration also requires time, intense effort, and money. Nonprofits involved expressed that funders and policymakers should encourage forms of collaboration, including mergers. As one participant stated, “*I think you can build some monetary incentives into some of these federal grants, [saying] we’re only going to fund a multidisciplinary, multi-tiered approach and you have to prove how you collaborate.*”

## IN CLOSING

City Connect Detroit thanks all nonprofit leaders that participated in the listening sessions. The themes emerging from the voices of metropolitan Detroit nonprofits, as reflected in this report, provide a rich, valuable snapshot of what many nonprofit leaders are experiencing, thinking, and doing in these turbulent times. There was strong interest from participants in the common themes that emerged from this process, and a desire to continue this conversation and to share the collective voice of metropolitan Detroit nonprofits with funders, policy makers and community leaders.

We expect this report will be an important resource to local, state and national funders; policy makers; and community leaders as many of the issues outlined herein need continued discussion and attention. With this in mind, City Connect Detroit will post this report on its website ([www.cityconnectdetroit.org](http://www.cityconnectdetroit.org)) and blog ([www.forthesetimes.wordpress.com](http://www.forthesetimes.wordpress.com)), where ongoing communication about challenges, opportunities, and ideas are welcome.

City Connect Detroit ([www.cityconnectdetroit.org](http://www.cityconnectdetroit.org)) is a 501(c)3 nonprofit, based in Detroit, Michigan. The organization facilitates public and private sector solutions to community problems, and raises funding to support these solutions. Formed in 2001, City Connect Detroit has secured more than \$80 million for Detroit area community initiatives supporting a wide array of health and human service and community development projects.

## APPENDIX – LISTENING SESSION PARTICIPANT ORGANIZATIONS

<b>ACCESS</b> Dearborn, MI	<b>Corporation for Supportive Housing</b> Brighton, Michigan
<b>Adult Well-Being Services</b> Detroit, Michigan	<b>Coalition On Temporary Shelter</b> Detroit, Michigan
<b>Advantage Health Centers</b> Detroit, Michigan	<b>Crossroads</b> Detroit, Michigan
<b>Affirmations</b> Ferndale, Michigan	<b>Cystic Fibrosis Foundation</b> Troy, Michigan
<b>Alternatives for Girls</b> Detroit, Michigan	<b>Detroit Area Agency on Aging</b> Detroit, Michigan
<b>American Red Cross</b> Detroit, Michigan	<b>Detroit Wayne County Long-Term Care Connection</b> Detroit, Michigan
<b>Bioneers</b> Detroit, Michigan	<b>Detroit Impact, Inc.</b> Detroit, Michigan
<b>Boys and Girls Club of Southeastern Michigan</b> Farmington Hills, Michigan	<b>Detroit Job Corps</b> Detroit, Michigan
<b>Bridging Communities</b> Detroit, Michigan	<b>Deaf and Hearing Impaired Services</b> Farmington Hills, Michigan
<b>Brightmoor Community Center</b> Detroit, Michigan	<b>Dynamis Consulting and Training</b> Detroit, Michigan
<b>Catholic Social Services</b> Detroit, Michigan	<b>Epilepsy Foundation of Michigan</b> Southfield, Michigan
<b>Child Care Coordinating Council</b> Detroit, Michigan	<b>Federation of Youth Services</b> Detroit, Michigan
<b>Children's Aid Society</b> Detroit, Michigan	<b>Focus Hope</b> Detroit, Michigan
<b>City of Detroit, Recreation Department</b> Detroit, Michigan	<b>Full and Fabulous</b> Detroit, Michigan
<b>Communities in Schools</b> Detroit, Michigan	<b>Gleaners Community Food Bank</b> Detroit, Michigan
<b>Community Health Awareness Group</b> Detroit, Michigan	<b>Greater Detroit Agency for the Blind</b> Detroit, Michigan
<b>Corinthian Church</b> Hamtramck, Michigan	

**Greater Detroit Network for Social Innovators**  
Detroit, Michigan

**HAVEN**  
Pontiac, Michigan

**Heart of Christ Ministry**  
Southfield, Michigan

**Heartline - Lutheran Social Services of Michigan**  
Detroit, Michigan

**Hospice of Michigan**  
Detroit, Michigan

**Macomb County – Senior Citizen Services**  
Clinton Township, Michigan

**Matrix Human Services**  
Detroit, Michigan

**Metro Health Foundation**  
Detroit, Michigan

**Michigan Future, Inc.**  
Ann Arbor, Michigan

**Michigan Nature Association**  
Williamston, Michigan

**Michigan Protection and Advocacy Service, Inc.**  
Lansing, Michigan

**National Kidney Foundation of Michigan**  
Ann Arbor, Michigan

**Neighborhood Service Organization**  
Detroit, Michigan

**New Center Community Mental Health Services**  
Detroit, Michigan

**New Creations Community Outreach**  
Detroit, Michigan

**Northeast Guidance Center**  
Detroit, Michigan

**Operation Get Down**  
Detroit, Michigan

**Readings for the Blind**  
Southfield, Michigan

**Samaritan Center**  
Detroit, Michigan

**Southwest Solutions**  
Detroit, Michigan

**St. Frances Cabrini Clinic**  
Detroit, Michigan

**Transportation Riders United**  
Detroit, Michigan

**Tri-County Dental Health Council**  
Southfield, Michigan

**United Cerebral Palsy of Metropolitan Detroit**  
Southfield, Michigan

**Virginia Park Citizens Service Corps**  
Detroit, Michigan

**Vista Maria**  
Dearborn, Michigan

**Wayne County Community College**  
Detroit, Michigan

**YMCA of Metropolitan Detroit**  
Detroit, Michigan

**YouthVille Detroit**  
Detroit, Michigan