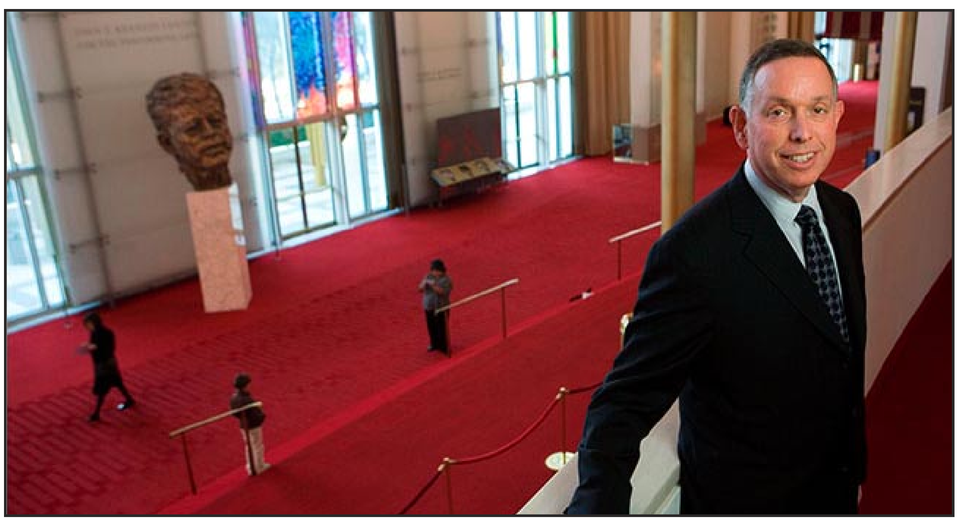
The New York Times

NOVEMBER 11, 2008

The Nonprofit's Guide to Surviving a Downturn

By ROBIN POGREBIN

VOICE OF EXPERIENCE Reynold Levy details how to raise funds in hard times.



TURNAROUND Michael M. Kaiser has weathered plenty of ecomonic storms.

REYNOLD LEVY, the president of Lincoln Center, could not have predicted the economic climate into which his new book would land. But "Yours for the Asking: An Indispensable Guide to Fund-Raising and Management" (John Wiley & Sons) now seems eerily prescient — particularly with chapters like "Fund-Raising in Stormy Weather" and "Overcoming Economic Bad News and Psychological Resistance."

TURNAROUND Michael M. Kaiser has weathered plenty of economic storms.

Michael M. Kaiser, the president of the John F. Kennedy Center for the Performing Arts in Washington, appears similarly clairvoyant in his just-published book, "The Art of the Turnaround: Creating and Maintaining Healthy Arts Organizations" (Brandeis University Press). In the book, Mr. Kaiser catalogs his experiences leading cultural groups through financial crises, specifically the Kansas City Ballet, the Alvin Ailey American Dance Theater, the American Ballet Theater and the Royal Opera House in London.

Mr. Levy, too, has ample expertise to share: before his six years at Lincoln Center, he was president of the International Rescue Committee, president of the AT&T Foundation, executive director of the 92nd Street Y and staff director of the Task Force on the New York City Fiscal Crisis during the Abraham D. Beame administration.

In these positions Mr. Levy honed some of the techniques he now recommends in his book: for instance, "shoe leather trumps mail."

"It is harder to turn down a request to meet face to face for 50 minutes than a written proposal for $50,000," he writes. And don't let a "no" discourage you. "For great fund-raisers," he writes, " 'no' is just the beginning of a conversation."

Mr. Levy also talks about the importance of doing your homework, not only on how a company's strategy might connect with your group's mission, but on people inside the company.

"Identify the name, rank and serial number of those responsible for departments that manage assets of potential use to you," he writes. "Then find out which supporters, friends and allies of your nonprofit know these folks and can introduce them to your work. Spend time acquainting them with your outfit in person and on site, in an appealing manner that respects an executive's time and responds to his or her interests."

Regarding tough economic times, Mr. Levy asserts in the book that affluent people donate more from their assets than their income, leaving their contributions less vulnerable to a downturn. Moreover, worthy causes remain worthy, Mr. Levy said in an interview, no matter what the current state of the world. "Good fund-raisers are people who believe in their cause — they don't believe much has changed because the economy has changed," he said. "The child in Rwanda is as susceptible to malaria and death as they were last year."

In fact, Mr. Levy says, the United States is extremely generous; $306 billion was given to charity in 2007, 80 percent of which came from individuals while they were alive or in testamentary gifts, as opposed to donations from corporations or foundations. "Our country is extraordinarily wealthy and giving is expandable, and we're not in a zero-sum game here," he said.

Mr. Levy said he understood that some nonprofit executives were uncomfortable asking for money when people felt strapped. "I keep saying, It's not a college exam where if you get one right out of three, you flunk," he said. "With fund-raising, if you're successful in one out of three solicitations, you're the most valuable player. Step up to bat more frequently."

At the same time, fund-raisers should be more flexible about terms of payment and more focused on the appropriate people to approach, he said.

"If you do your research properly, you have a reasonably good sense of who might have been adversely affected and you steer away from those folks," he said. "I would not be going to good friends at Lehman," Bear Stearns, A.I.G. or "other places that have merged or disappeared."

While Mr. Levy's book is meant to be a manual — "a how-to for all those with an instinct to raise funds and those who harbor fears or qualms about doing so," he says — Mr. Kaiser's provides something of a primer for those looking to rescue ailing arts organizations.

Among Mr. Kaiser's central principles are the importance of having a strong leader with a clear plan, building the board, improving marketing efforts and focusing on opportunities rather than rehashing mistakes.

In hard times, Mr. Kaiser says, arts groups should continue to invest in and publicize their art, though their instinct might be to do less of both.

"When one cuts artistic initiative and marketing, one cuts the very reason people supply revenue to the arts organization," Mr. Kaiser writes. "Audience members and donors are attracted to exciting, important work; their interest is confirmed by attention generated by marketing efforts."

When he arrived at the American Ballet Theater, for example, there was "no money," Mr. Kaiser said. Yet he announced the biggest production in the company's history — "Othello," choreographed by Lar Lubovitch with a score commissioned from Elliot Goldenthal. "People get excited by the art," Mr. Kaiser said in an interview. "They say, This is the company I want to be supporting in this difficult time."

Most important, Mr. Kaiser said, is selling the institution as a whole, not just individual projects. "How do you get people talking about your organization?" he said. "You have to have a focus on that. Too many organizations think marketing is putting out a pretty brochure each year."

Mr. Kaiser says he meets every morning at 7:30 with his marketing director and thinks constantly about ways to raise visibility for the Kennedy Center. "Many arts executives relegate marketing to marketing staff," he said. "It's a central part of my job. Most people think marketing is about selling tickets. For me it's also about raising funds."

On the cost-cutting side, Mr. Kaiser suggested looking at reductions in layers of staff and official travel, particularly to conferences. He also recommended preparing for a downturn by accumulating a reserve fund; over the last seven years, the Kennedy Center has stockpiled $20 million. "That gives us a measure of security as we head into this period," Mr. Kaiser said.

Mr. Kaiser also writes about the importance of diversifying the donor base. At the Kennedy Center, he has reached out to an international pool of supporters. He also emphasizes the importance of having board members who make contributions. When he took charge at Alvin Ailey, for example, the company had an annual operating budget of $6 million and half of the 36 board members were giving less than $300 a year.

"I had to get the board to understand that was not an appropriate gift for an organization of that size," Mr. Kaiser said, adding that 18 of those trustees left. "We found 18 new ones, and it completely changed the history of Ailey."

Mr. Kaiser taught in New York University's arts administration master's program from 1992 to 1998. At the Kennedy Center, he started an arts management institute in 2001. The next year, he started advising groups promoting the arts among minority communities.

In his book, Mr. Levy said that fund-raising was easy when thought of as helping groups get the support they need to do important work. "That is not a burden," he writes. "It is a pleasure. That is not a job. It is a calling."