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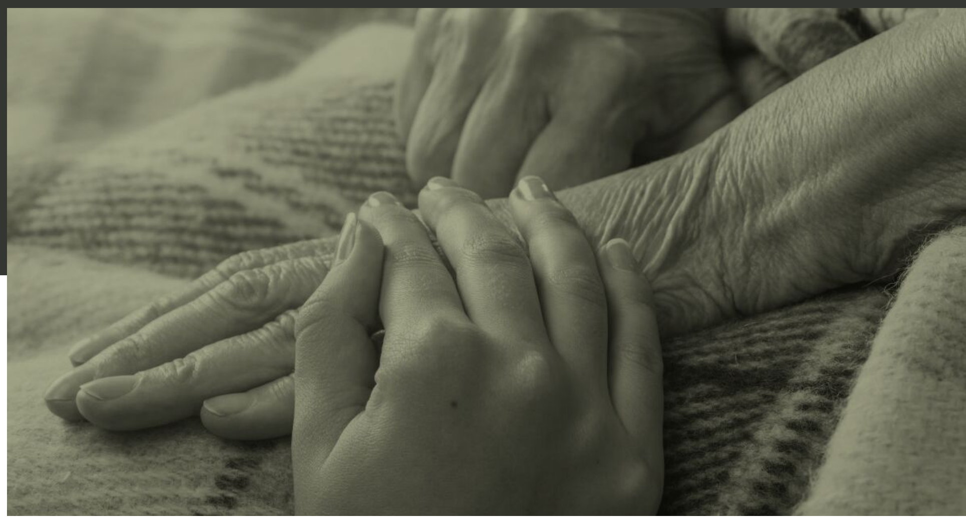
NONPROFITS: BOARD GOVERNANCE

Is Your Nonprofit Ready for Hospice Care?

11.26.19 | Linda J. Rosenthal, JD



Some time ago, Andy Robinson, an experienced nonprofit consultant and author, attended a 501(c)(3) event that gave him a perspective different from his usual expert perch. He trained for a day as a volunteer for a local hospice. In that setting, there are standardized guidelines and checklists to evaluate when it's the right time for a patient's family to help him or her make an orderly exit from life.

It suddenly struck him that he had recognized similar dire signs and symptoms in some of the organizations he had worked with over the years. In Hospice Care for Nonprofits: Diagnosis and Treatment (June 28, 2019), he explains that it had never before occurred to him that the hospice analogy might be a useful tool to diagnose when a nonprofit might have to shut down – or at least be well advised to consider it.

Later, he put that idea into action.

Nonprofit Lifespan

Few charity boards ever think about closing up shop as a viable option for a severely ailing organization. Perhaps it's because most nonprofits are set up as corporations which generally go on … well, … forever. Or maybe it's the can-do, all-American, competitive spirit that makes us view the end of an organization as a "failure" to be averted at all costs.

In *Thinking the Unthinkable: Maybe We Should Shut Down* (September 15, 2008), Jan Masaoka (long-time nonprofit expert who later became the head of the California Association of Nonprofits) acknowledges that "for many nonprofit boards," the mission and work of the organization is so important that it's hard to view shuttering the group as anything other than "the ultimate disaster."

Sometimes, though, she explains, circumstances including "a lack of money or energy" force the question. That's not necessarily bad in all cases. "…[J]ust thinking about closing can be freeing: a chance to re-think" the organization and how best to redeploy the available "human and other resources." Of course, that kind of intense evaluation may not necessarily turn things around: "… when an organization becomes a heavy burden for staff, the board, and volunteers, it's time to look at options."

Of course, there's a critical distinction between – on the one hand – those organizations for which shutting down is not inevitable but may be a good idea to consider and – on the other hand – those groups which, objectively, have little chance of survival.

Back to that Hospice Checklist

Sometime after that long-ago day at hospice training, Andy Robinson gathered with a group of experts at a conference for the Alliance for Nonprofit Management. They considered the question that he had earlier pondered: that is, how to "… define an 'end-stage' nonprofit."

This team created a list of seven benchmarks as a diagnostic and analytical tool for the nonprofit sector:

- "Chronic under-funding and cash flow problems (emphasis on chronic)
- Last-minute, crisis-driven attempts to diversify funding
- Greater-than-usual attrition of board, staff, volunteers, clients, and program participants
- Loss of programs or frantic adding of programs; one colleague calls this 'desperate proliferation'
- A sense of obligation—'We must soldier on'—rather than a passion to fulfill the mission
- Organization-wide burnout: 'Who cares?'
- Rumors, bad press, and external questions about … viability"

Mr. Robinson acknowledges that applying this hospice-like diagnostic questionnaire may be alarming: "You may be thinking, 'wow, our group would qualify on several of these points." Bear in mind, though, that "…all nonprofits, even healthy ones, go through stages when some of these criteria apply, so you're probably suffering the usual bumps and bruises."

Of course, "if most of these apply and seem to be getting worse, it may be time for the end-of-life conversation."

We add our own words of caution too: The existence of symptoms doesn't necessarily result in a worst-case diagnosis. Surveys confirm that a majority of nonprofits have chronic cash-flow issues and insufficient reserves. This sector-wide pattern has been made worse by an external force, that is, the 2017 Tax Cuts and Jobs Act. There's been a demonstrated drop in individual giving in 2018 and 2019. The best advice may be to make adjustments to ride out this – hopefully – temporary storm instead of throwing in the towel permanently.

Jan Masaoka emphasizes that an important step is "for the board to describe, or 'declare,' the situation a crisis or emergency, or at least an 'urgent and unusual situation.'" It helps board and staff feel permission to hold extra meetings, cut costs, or ask for outside help. It creates an environment for open and candid discussion. "Declaring a crisis," she adds, "also gives the board a chance to see if there are supporters" who can and will step up to help.

We've written about a number of recent well-publicized instances around the United States where interested "stakeholders" beyond the board and staff have come forward and resuscitated community organizations written off as beyond hope. Now – in the social media and internet age – this is an avenue that can yield results and should be seriously pursued.

Conclusion

If, after consulting the necessary professionals, it becomes clear that your organization should pursue end-of-life planning, there is no one-size-fits-all course of action. Mr. Robinson and Ms. Masaoka present some of these options, and we'll discuss some, too, in a later post.

– Linda J. Rosenthal, J.D., FPLG Information & Research Director