



# Marta Brockmeyer, Ph.D. Project Pointers

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This autumn especially, the season is bringing quiet preparations for change. In my practice, this preparation extends to supporting organizations as they decide to remain open or to close. It is a given that nonprofit leaders review sustainability factors when considering a potential partnership. But lately, these conversations are likely to revolve around the possibility of dissolution. What begins as a process to explore merger may quickly lead to a closing decision.

This issue of Project Pointers will address some the variables surrounding this type of conversation, one that must be met with compassion, reality and celebration.

## A Conversation About Closing

### Environment

Given the slow economic recovery and higher accountability standards, it is not surprising that more nonprofits are struggling. Experts predict that *one in thirteen will close*. A nonprofit's downward funding trend requires a hard look at service delivery. It also demands organizational readiness, marked by strategic succession and fund development planning. At the same time, employees, volunteers and board members may be weary from their own financial and work demands and simply cannot face the topic. As a result, the collective organizational energy needed to address the challenges may not exist. In some cases, a combination of denial and general burn out delay the organization from responding quickly enough to influence the outcome. Discussion may not point to a sustainable future and it may be too late to even consider a merger.

### Life Cycle & Funding

People, relationships and organizations change. Nonprofits go through a fairly

predictable life cycle with stages marked by common factors. An organization can dissolve at any stage of the process, not necessarily at the final point on the continuum. At the first stage of founding, a dream becomes reality as plans are made to meet client needs. Enthusiasm, creativity and determination drive the creation and initial programming. Over time, however, the need for the services may change or disappear. The board and staff may continue to work based on the initial founding premise while other organizations are providing services that are more relevant or effective. Even if the original intent was sound, it may no longer be compelling.

Related to this is the critical issue of funding. Understandably, human service funders cannot and should not support nonprofits that are not delivering excellent and still necessary services. And, individual donors may think twice before continuing to write checks. In some cases, a donor's original intent no longer even matches the services. When too many financial obstacles are listed, the decision to close may be more obvious. For example, if each week brings great anxiety about meeting payroll and vendor payments are months behind, the clues deserve serious attention. It may be time to close, pay off debt and recycle assets back into the community.

### **Focus on Mission**

Closing does *not* mean the mission is unimportant. Hopefully, the organization has provided meaningful services for a long time. These efforts have been recognized by the community, especially other human services organizations with which it partners. Programs, goals and values have been shared over the years, resulting in a widespread belief that the nonprofit lived its mission.

If the organization is no longer sustainable or has outlived its original purpose, the question then becomes one of redirecting mission-based activities and funds. If the mission is truly the focus, then the board and leadership team will put client needs ahead of their own. What is best for the clients? If the nonprofit is barely functioning, continuing to provide limited and diminished services, the clients would be better supported elsewhere. This type of decision requires the leaders to take a strategic, courageous look, moving past individual egos and political agendas.

### **Heartstrings**

The conversation about closing can be an emotionally painful one. Initially, people may feel they have failed or that they have let down clients. The executive director may be burdened with guilt as well as frustration. But the process of distributing assets or selecting a successor organization with a close mission may in fact be a healing experience for everyone involved. Proactively facing reality brings its own energy and sense of relief. Board members can take great pride in knowing they did the right thing to help clients.

All of these factors may be further complicated if the nonprofit's founder is still actively involved. I've observed more than one situation that evolved into high drama because of a founder's inability to let go of a dream and face reality.

While the person's passion once drove the programming, it may now be interfering with the Board's ability to govern and conduct a thoughtful analysis.

## Celebrations and Legacy

This is the time to recognize the many good moments in the organization's history. Begin with a structured group conversation to identify and prioritize key memory points. It may be helpful to create a timeline to which staff, board and volunteers will add events and dates. Taking time to remember meaningful events is important. In some cases, what seemed like a misstep at the time ultimately led to later, excellent decisions and program offerings. A farewell party or series of small events should be planned so internal and external stakeholders can share the sense of accomplishments.

Exiting CEOs may be concerned about reputations, their own as well as the organization's. In my experience, colleagues generally support and applaud CEOs who do what is best for clients. The ability to ask and respond to difficult questions is respected in the community. Such an approach shifts the focus back to the mission, away from the person who is losing a position. And, after all, a final focus on mission is what matters.

I will write again about this topic. For now, in our month of thanksgiving, I hope you find sparkling moments.

Best wishes,



## Client Spotlight

While Linda Young would deny it, most of us regard her as an icon in the nonprofit community. Her passion and long commitment to homeless residents of Northern Kentucky are well known, but her larger regional advocacy efforts are often completed quietly behind the scenes. A few words about Linda's organization follow.

### Welcome House of Northern Kentucky

*Lack of affordable housing is the leading cause of homelessness. Welcome House developed the Gardens at Greenup in 1995, a model supportive housing project with twenty units. Its goal is to assist residents in meeting self-sufficiency, then long-term sustainability.*

In late 2008 as part of the agency's strategic plan, the Welcome House board decided to launch its second affordable housing development. The facility at 1132 Greenup Street, known as King's Crossing, opened last summer and includes eight apartments for individuals and families that are homeless and disabled. The facility also houses the Employment and Social Security Outreach services of Welcome House.

Efforts are now underway to develop additional affordable housing for working families that earn well below what it costs to rent at market rate. Increased family stability will impact children's successes in other areas. The family will move less often, leading to higher school attendance and educational consistency. Currently, 32% of the students in the Covington Independent Schools are transient.

The poverty rate in the United States is the highest it has been since 1965. One in five children and one in ten families in the region (15 counties) live in poverty. Welcome House is addressing a critical shortage of affordable housing to stabilize households where adults can work and learn and kids stay in schools, finding a path out of poverty.

## **Workshop Announcements**

### **Project Management Workshop**

Marta's popular Successful Project Management workshop will be offered on the following dates:

**Tuesday, December 4, 2012 - 9:30 a.m. - 12:30 p.m.**  
**at The Health Foundation of Greater Cincinnati**  
**3805 Edwards Road, Suite 500, Cincinnati, OH 45209**  
**Register online at: [Workshop Registration](#)**

**2013 Successful Project Management Workshop dates:**

**Thursday, March 21, 2013 from 9:00 a.m. - 12:00 p.m.**  
**and Tuesday, September 24, 2013 from 9:00 a.m. - 12:00 p.m.**

**Online registration for 2013 workshops will begin in December 2012.**

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### **Federal Grants: Ready, Set, Go!**

**Thursday, February 28, 2013 - 9:00 a.m. to 3:30 p.m.**  
**at The Health Foundation of Greater Cincinnati**  
**3805 Edwards Road, Suite 500, Cincinnati, OH 45209**

**As part of the day-long workshop, Marta will address organizational readiness and three other presenters will deliver solid content related to securing federal grants.**

**This workshop will benefit decision-makers from small and mid-sized nonprofits who are considering or preparing for federal grants. Both CEOs and development staff will learn new ways to approach and secure federal grants - attending as a team will improve opportunities.**

**Online registration for 2013 workshops will begin in December 2012.**

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