1-1-2014

Making Lemonade: Nonprofit Survival During The Great Recession

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MAKING LEMONADE: NONPROFIT SURVIVAL DURING THE GREAT RECESSION

by

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THESIS

Submitted to the Graduate School

of Wayne State University,

Detroit, Michigan

in partial fulfillment of the requirements

for the degree of

MASTERS OF ARTS

May 2014

MAJOR: INTERDISCIPLINARY STUDIES

Approved By:

Advisor Date

DEDICATION

To those who serve,

to all those, who daily make lemonade out of life’s sour moments,

to the public servants, to the nonprofit professionals,volunteers and philanthropists

thankyou, for all you do every day, to improve our world one divine creature, at a time.

ACKNOWLEDGEMENTS

It is with great appreciation that I thank the 2013-2014 executive leadership team of the YMCA of Metropolitan Detroit for willingly opening their internal records to share with the world, how the YMCA of Metropolitan Detroit navigated the Great Recession. Thank you for your transparency and time. In addition, a special appreciation is extended to Dr. Daphne Ntiri for her enduring patience as my thesis advisor. Thank you for allowing me to work and live through the Great Recession years, to fine tune the focus of this work. Andrea Harp, Student Service Manager for the College of Liberal Arts and Sciences, also deserves a special thank you. She was extremely supportive and critically instrumental in assisting me with understanding the university's thesis and graduation protocols. Lastly, thank you to the readers for graciously giving their time and expertise to analyze my work. The readers were: Dr. Fran Shor, Dr. Rosalyn Schindler, and Dr. Daphne Ntiri.

PREFACE

There is an old adage that has become quite cliché or even passé in the 21st century. Regardless of how commonly it is used, its meaning is as relevant today as when it was first spoken, "When life gives you lemons, make lemonade," author unknown.

This is the work of the third sector. Nonprofit organizations around the world exist to find the beauty in the ashes. Their purpose is to engage in an interdisciplinary process to transform life's lemons into something refreshing. It is during life's greatest challenges that service organizations identify and gather the essential ingredients: sugar, water and lemons. Acquire the necessary utensils: a spoon, a pitcher and a glass. Begin the work: cutting, squeezing, pouring and stirring, blending all the ingredients together to make lemonade; to transform sour into sweet. Then share it with others to drink and before it all ends, each step repeats.

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During a national financial crisis, communities throughout the U.S. often seek the service of the nonprofit sector to alleviate or prevent hunger, homelessness, disease, illiteracy, unemployment and more. Individuals who have lost a portion or all of their wages through layoffs and or payroll rollbacks may seek assistance with food, shelter, clothing, medication, employment and educational pursuits from nonprofits. It is during this time of great demand that the resources nonprofits utilize to meet community needs usually decline City Connect Detroit identifies this challenge in their report Navigating Turbulent Times: Voices from Metropolitan Detroit Nonprofits, "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."

Key revenue sources for nonprofit organizations are foundations, corporations, individuals, government and earned revenue, (Salamon,1999). Specifically, during an economic recession: foundations' investment portfolios can decrease from stock market downturns; corporations may report record profit losses from declining sales and donors can become unemployed resulting in a decrease in their discretionary income. The US experienced its most recent recession from December 2007-June 2009. The unemployment rate soared to 9.5%. There was a net decrease of 63,000 new businesses: 235,000 businesses closed and 172,000 opened. There were over 3,000 massive layoffs affecting over 300,000 workers and consumer spending decreased by over $3,000 per household, (US Bureau of Labor Statistics, 2012). Collectively these circumstances created a great challenge for US nonprofit community organizations to meet increased demand with shrinking traditional resources. In short, how would they do more with less, (Changing Our World, 2011).

States whose economies were rooted in manufacturing, especially auto manufacturing, experienced job loss that exceeded the national averages. Doing more with less became the rule and not the exception. An examination of Michigan illustrates this clearly. According to the 2009 Michigan Economics and Workforce Indicator report, Michigan lost over 400,000 jobs from December 2007 – June 2009. The unemployment rate in Michigan reached 14.1% in the third quarter of 2009 compared to 12.8% for the rest of the nation. In the fourth quarter of 2012 the unemployment rate decreased to 9% and the national average decreased to 7.5% (Economic Policy Institute, 2013). The considerable job loss in Michigan increased the demand for an array of nonprofit services from basic needs such as food and shelter to healthcare and education. For example, “From 2007 to 2011, uncompensated care provided by Michigan hospitals increased 42 percent, and patient volume at federally qualified health centers, (FQHCs) increased by 22 percent. The number of uninsured increased by 133,000, yet there was no net increase in the number of free clinics statewide. In fact, five of seven free clinics in the Upper Peninsula closed, leaving just two clinics for the entire population,” (Center for Healthcare Research & Transformation, August, 2013).

Increased demand for services without increasing capacity is not unique to nonprofit healthcare institutions. “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," (City Connect, 2009).

Drilling down further revealed that metropolitan Detroit area unemployment rates were even higher. In 2009, the Detroit's unemployment rate was 23%. (U.S. Bureau of Labor Statistics, 2014). Joblessness in metropolitan Detroit had a significant impact on local nonprofit organizations. Major nonprofits such as the United Way of Southeastern Michigan, (UWSEM) were forced to drastically reduce funding due to decreased contributed revenue from corporations and individuals.

According to UWSEM annual reports and audited financial statements, UWSEM annual campaign revenues decreased by over 15 million dollars from 2007-2009.

- UWSEM 2006-07 Annual Campaign Revenues: $ 60,067,700
- UWSEM 2007-08 Annual Campaign Revenues: $ 53,488,362
- UWSEM 2008-09 Annual Campaign Revenues: $ 44,119,040

Revenue shortages incited the UWSEM to reduce program management expenses from 6.2 million dollars in 2006-07 to 4.6 million in 2008-09. By 2012 UWSEM reduced its management expenses to 2.9 million dollars. During the years 2007-2012 the UWSEM had reduced its management expenses by more than half - 53%, (UWSEM, 2014).

Funding to agencies through grants and donor designations in 2007 was 51.8 million dollars and in 2009 it dropped to 43.2 million dollars. The decline continued and in 2012 funding to agencies through grants and donor designations was reported to be 37.1 million dollars. During the years from 2007-2012 direct support to UWSEM partner agencies decreased by 14.7 million dollars or 28%.

The UWSEM embarked upon a strategic process to reduce overhead and to streamline their program services. They identified three program focus areas:

- Basic Needs
- Financial Stability
- Education

By becoming more focused they were able to survive the recession. They did not focus on what they could not do. They focused their energies on issues they believed they could positively change in five to ten years, (UWSEM, 2014).

The Young Men's Christian Association of Metropolitan Detroit, (YMCA) was directly impacted by the UWSEM revenue decline. In 2007, the YMCA received over $1,000,000 from the UWSEM to support childcare and youth development programs, and by 2012 UWSEM support had shrunk to $218,000, (YMCA Audited Financial Statements, 2012). The remaining dollars raised no longer supported general operations of YMCA programs, but specific projects that aligned with UWSEM Agenda for Change adopted in 2008, (UWSEM, 2014). In five years the YMCA UWSEM support was reduced by over $800,000. During this same time period the YMCA experienced revenue declines in membership. In 2009, membership revenues decreased by more than two million dollars for the YMCA. Membership revenue continued to decline until 2012. Member revenues decreased by over one million dollars each year in 2010 and 2011.

	Membership	Contributions	UWSEM	Grants/Gov't Contract	Educational Services
2008	19, 347, 277	1,508,696	755,132	1,485,136	
2009	17, 011,844	1,148,369	546, 796	1,335, 303	
2010	15, 297,373	2,104,440	529,604	1,453, 361	862, 858
2011	14,277,558	1,041,714	261,718	1,667,912	2,308,437
2012	14,391, 554	2,218, 711	281,254	1,931, 709	4,005,175

(YMCA Audited Financial Statements, 2008-2012)

Just two years prior to the recession the YMCA adopted an aggressive growth agenda entitled, Driving Change 2006 to 2015. Core priorities of the agenda are replicated and paraphrased below:

Volunteer and Staff: 1

Recruit and retain high performing staff that exceeds benchmark results in both mission and financial performance.

Invest in staff development through a variety of educational and experiential learning opportunities.

Be the nonprofit board of choice for high-caliber volunteers who desire to provide service that matters.

Membership: 2

Attract new members that reflect the diversity of region.

Initiate new member loyalty program to attract members for a lifetime.

Connect members to community initiative that align with their concerns.

Programs: 3

Offer 21st century continual learning programs for all ages.

Develop programs that build developmental assets in children and help them overcome barriers.

Continuously improve the programs that promote active lifestyles and reduce obesity.

Finances: 4

Meet required net revenue to comply with external financial agreements.

Create emergency reserve funds.

Create new revenue streams that align with the vision of the YMCA.

Facilities: 5

Develop new YMCA facilities.

Upgrade and improve facilities of existing YMCAS.

Attract key development partners to assist with capital development needs.

Philanthropy: 6

Raise 3 million annually in the annual campaign.

Raise $500,000 in annual gifts to support a capital campaign…generate $50 million dollars by 2015.

Develop an endowment fund with 100 million in expectancies.

Internal Efficiencies: 7

Continually review and analyze all business systems and practices to ensure maximum operating efficiency.

Explore ways to use technology to improve operating efficiency.

Improve Y's investment in human capital.

<u>Governance: 8</u>

Create expanded opportunities for board engagement.

Empower volunteers to be become knowledgeable advocates of the YMCA.

Inspire volunteers to be champion for the total YMCA…one Association.

The Great Recession quickly became the driver of change. The plan was not book shelved. In fact, the foresight of the staff and volunteers, who developed, helped give the YMCA a framework to address the challenging economic times. Essentially, the Y team knew where they wanted to go and what they wanted to achieve. The recession challenged the YMCA to assess their methods for achieving their aims, (Thebault, 2014). It forced YMCA staff and volunteers to look beyond their traditional models of programming and funding. "Never waste a good recession," is a belief Ron Deneweth says he learned from past YMCA Board Chair John Carter.

Statement of the Problem

In an economic recession the community demands for service, provided by nonprofit organizations increases. During these financially disparaging times, nonprofit organizations are challenged by: increasing demand, diminishing capacity and image vulnerability. In the midst of financial crisis, community members often seek relief from nonprofit organizations. These individuals have reduced financial resources and are usually seeking free or subsidized pricing for essential services. Simultaneously, cash and in-kind resources are being cut at the very agencies that exist to support these residents in their time of need. Nonprofit revenue shortfalls, diminishes the capacity of the organization to meet the increased demand. Often time nonprofits are forced to focus their resources on the most urgent matters. This results in organizational downsizing and the cancellation of many services. This arises at a time when more quality staff and increased services are being requested, (Head, Nonprofit Resource Center, 2014). In addition to juggling rising demand and diminishing resources; nonprofits must make sure their funders and clients value their work and trust their operational practices. When resources are scarce donors are significantly more selective in the distribution of their dollars and or in-kind gifts, (Changing Our World, 2011).

In the corporate world rising demand usually translates into increased profits. In many nonprofit organizations increased demand usually translates into increased expenses, (Nonprofit Finance Fund, 2014). The United Way of Southeastern Michigan operates the 211 hotline, a program designed to help navigate people through a disconnected web of nonprofit and public service organizations. When the program launched in 2005 they received 70,000 calls. In 2011 over 300,000 calls were managed. UWSEM reports that the majority of the calls received were for basic needs: food, shelter and utilities. Specifically in 2011:

- 32,000 callers were seeking assistance with gas bill expenses
- 12,000 callers were seeking assistance with accessing food pantry resources
- 11,900 callers were seeking assistance with rent expenses
- 7,100 callers were seeking assistance with electric bill expenses

211 routes these calls to agencies across the Southeastern Michigan Region, (UWSEM, 2014). This can be further validated by The Heat and Warmth Fund or THAW. In 2008

THAW paid 4.4 million dollars in utility assistance to residents. In 2009 THAW provided 7.2 million dollars in utility assistance to residents in need. THAW indicates that most of the families they serve earn less than 16,000 annually, have children and/or a disabled family member in the household, (THAW, 2012).

Demand for childcare, healthcare and many other services grow during a financial crisis requiring nonprofit organizations to rise to the challenge. Nonprofits can only rise to the occasion if they can effectively leverage their capacity to efficiently deliver services. During the summer many families seek quality affordable childcare. The YMCA of Metropolitan Detroit offers several day camp programs that meet this need. Most of the camps are subsidized by grants or YMCA contributions. Camp participant costs ranges from $0 to $200 weekly or $5 an hour. In 2009, declining contributions for childcare created a $30,000 budget shortfall for Camp Phoenix; whose registrations for the program had increased by nearly 100 applications. The YMCA staff identified three ways to resolve the issue:

1. Reduce the number of children that could be served by 50% from 200-100
2. Eliminate daily transportation to and from the program
3. Reduce the length of the program from 6 to 5 weeks

How would the YMCA serve more kids with less money? Each of those decisions had very distinct consequences that would impact not only the YMCA budget but its reputation. Reducing the program by 50% would leave 100 children without affordable quality childcare. Eliminating transportation would disenfranchise children whose families did not have access to reliable transportation. Shortening the program would reduce the academic achievement goals the program was designed to provide and it would leave children without childcare for a week. The decision the YMCA would be make would directly impact its credibility and image with the families it served and its funders.

Being a good steward of contributed resources is essential to being able to garner future support. This directly impacts an organization's Image. Funders are like investors. They want to make sure that the money they contribute to an organization benefits the community. They want to be assured that they receive a positive return on their investment, (Gugerty, 2009). Contributors are not looking for a monetary gain, but a social dividend. These types of dilemmas are common place among nonprofit organizations, during challenging economic times. Nonprofits are forced to meet the demand for more services with fewer resources, all while maintaining a positive image in their communities concurrently, (Naskrent and Siebeit, 2011).

The YMCA team decided the best method for addressing this challenge was to meet with the prospective parents and share with them the financial challenge. Parents were then given the opportunity to vote on their choice. In the end the YMCA did not decide the course of action, the families served chose. This decision enabled the YMCA to meet increase need with existing capacity, while simultaneously improving relationships with the families and funders, further strengthening the YMCA image.

This short story is just one example of how the three problems listed below culminate into the daily operations of a nonprofit service organization in the midst of financial difficulties.

Background and Need

Challenge 1: Recession - Financial recession increases the demand for nonprofit services at a time when nonprofits themselves struggle financially, (Salamon, 2009).

Solution 1: Renewal **–** Employ a continual learning, planning process that, addresses current objectives while identifying opportunities. Sets goals, but continually monitor internal and external factors; adopt a culture of adaptability, fluidity and flexibility that will enable the organization to respond to rapid change, (Raymond, p. 213-216, 2013).

Challenge 2: Resources - Nonprofit organizational capacity declines during a financial recession, as contributions and/or fees for services decline. This can force a nonprofit to reduce wages through concessions or layoffs, decreasing the agency's access to competent staff. In addition, it often forces nonprofits to decrease the services provided to the community, (Bridgespan Group, 2014).

Solution 2: Resiliency – As part of an intentional capacity building process, hire the best talent and invest in their professional development and loyalty to the organization. Additionally, the agency should constantly be looking for new revenue streams that align with the organization's mission and build upon the organization's strengths, (Minzner, Klerman, Markovitz and Fink, 2013).

Challenge 3: Reputation - During financially challenging times nonprofits' images are more closely scrutinized. Operating sustained deficits is not fiscally responsible and cutting essential community services is unpopular. The image of nonprofit community organizations is critical during economic downturns because resources are distributed more selectively, (Nonprofit Risk Management Center, 2014).

<u>Solution 3: Responsibility</u> **–** Decision-making must be both mission-focused and fiscally sound. The organization should be transparent to its stakeholders and include them in the decision-making process, (Bridgespan Group, 2014).

Purpose of the Study

This thesis will share operational practices that enable nonprofit organizations to deliver quality services in a fiscally responsible manner in the midst of an economic recession. It will discuss how nonprofit leaders must employ an interdisciplinary approach to organizational management to keep their doors open to fulfill their mission. Reid Thebault, CEO of the YMCA of Metropolitan Detroit is noted for stating, "No Money; No Mission, No Mission; No Money." This document will serve as a guide to help nonprofit leaders learn the intricate dance between mission and money in order for nonprofits to thrive, especially during challenging economic times when their communities need them the most. Twenty-one members of the YMCA of Metropolitan Detroit's leadership team comprised of paid staff and voluntary corporate board members were interviewed to chronicle the YMCA of Metropolitan Detroit's operational journey through the great recession. Their observations will provide a qualitative assessment of how the YMCA survived the recession. It will describe the following processes: decision making, operational procedures, volunteer engagement, staffing, mission advancement, and resource acquisition.

Research Questions

- What is the nonprofit organization's mission?
- How does the nonprofit organization advance its mission; what are its priorities?
- What are the nonprofit organization's sources of revenue?

- How are those resources acquired?
- What is the nonprofit organization's major decision making process?
- What are the essential responsibilities of the nonprofits key employees and volunteers?

Significance to the Field

There are many research studies that examine the best practices of nonprofit organizations. This thesis will identify specific decision making practices and operational procedures employed during one of the United States' and world's greatest recessions. Ideally, current and future nonprofit leaders will be able to examine, modify and employ similar processes to strengthen their organization's ability to weather financial storms.

Definitions

Capacity: Organizational or individual ability to effectively meet demand

"Capacity represents the potential for using resources effectively and maintaining gains in performance with gradually reduced levels of external support. It may be understood as the inherent endowment possessed by individuals or organizations to achieve their fullest potential," (Jay D.Jurie, 2000).

Nonprofit: An organization that exists to fulfill a mission that benefits society

"An organization that does not have financial profit as a main strategic objective. Nonprofit organizations include charities, professional associations, labor unions, and religious, arts, community, research, and campaigning bodies. These organizations are not situated in either the public or private sectors, but in what has been called the third sector. Many have paid staff and working capital but, according to Peter Drucker, their fundamental purpose is not to provide a product or service, but to change people. They are led by values rather than financial commitments to shareholders," (Bloomsbury Business Library - Business & Management Dictionary, 2007).

Recession: Retraction of economic growth that restricts access to resources

"A general slowdown in economic activity, a downturn in the business cycle, a reduction in the amount of goods and services produced and sold—these are all characteristics of a recession," (US Bureau of Labor Statistics, 2014).

Renewal: The ability for an organization to continually, effectively respond to change.

"Corporate entrepreneurship is especially crucial for large companies, enabling these organizations – that are traditionally averse to risk-taking – to innovate, driving leaders and teams toward an increased level of corporate enterprising. In addition to the obvious benefits obtained through innovation, this approach also provides the organizational benefit of setting the stage for leadership continuity. In a simpler view, corporate entrepreneurship can also be considered a means of organizational renewal," (http://www.businessdictionary.com, 2014).

Reputation: How an organization is viewed by the community

"The beliefs or opinions that are generally held about someone or something," (http://www.oxforddictionaries.com, 2014).

Resource: Any person, product or service needed to execute a mission. "An economic or productive factor required to accomplish an activity or as means to undertake an enterprise and achieve desired outcome. Three most basic resources are land, labor and capital. Other resources include energy, entrepreneurship, information, expertise, management and time," (http://www.businessdictionary.com, 2014).

Resiliency: The ability to rebound from challenges consistently.

"The ability of a substance or object to spring back into shape; elasticity: The capacity to recover quickly from difficulties; toughness: The capacity to recover quickly from difficulties; toughness:" (http://www.oxforddictionaries.com, 2014).

Responsibility: Owning the organization's inputs, outputs and outcomes

"A duty or obligation to satisfactorily perform or complete a task (assigned by someone, or created by one's own promise or circumstances) that one must fulfill, and which has a consequent penalty for failure," (http://www.businessdictionary.com, 2014).

Limitations

Internal Validity

- Not all key decision makers completed the survey. There were staff who left the organization who were apart of the decision making process but are no longer employed with the organization and were not interviewed.
- Some staff was interviewed and comments were notated.
- Most staff completed an online survey.

External Validity

- Primary research was restricted to analyze only one organization's operational process.
- Use of other organization information was all compiled from secondary research

Ethical Considerations

- An application was submitted to the IRB and it was determined that the research conducted did not require IRB approval because the work was about organizational processes and not individuals.

- A letter from the Chief Executive Officer of the YMCA of Metropolitan Detroit was attained to approve the research and grant access to organizational documents: board minutes, annual audits, 990, staff interviews, etc.
- A survey monkey asking 14 narrative and one multiple choice question was distributed to 21 members of the organization’s leadership team.
- I am an employee of the organization and I was employed at the company during the recession. I also completed the online survey.

Chapter 2 – Literature Review: A Spoon, a Pitcher and a Glass

The Great Recession that officially began in December 2007 and ended in June 2009 significantly impacted the quality of life for many families in the USA and the world. The economic storm left in its wake sustained unemployment: people were not temporarily laid off. Workers permanently lost their jobs. Many individuals remained unemployed for more than a year. Homes were foreclosed, personal savings were depleted,

discretionary income vanished and many families sought support from community organizations to meet their needs. Proud former working class families had to swallow their pride and learn to navigate the social support systems operated by both the community and government agencies (Sherman, 2013).

Nonprofit community organizations received a surge in service requests. Simultaneously, their revenue sources declined. Interests on investments were low, contributions decreased and government spending was cut (Raymond, 2013). The UWSEM annual campaign lost millions of dollars; the unemployed were unable to participate in payroll deduction programs. Agencies such as the YMCA were fortunate to still be awarded UWSEM dollars, yet over time the funding was reduced more than three quarters of a million dollars and what remained was designated for a target program; general operating support was history, (YMCA, 2013). The YMCA of Metropolitan Detroit survived the great recession by transforming three key challenges into opportunities: recession, resources, and reputation.

The literature review will discuss research that describes the recession's impact on communities, the effect the recession had on nonprofit resources and the evolving business practices nonprofit community organizations can adopt to sustain and strengthen their reputation and operations. Specifically, section one of the literature reviewed is devoted to two research studies that provide an in depth look at real people and real communities during the Great recession. Section two will investigate the ebb and flow of nonprofit resources and how they were managed. Lastly, section three will describe the significance of nonprofit reputations in attracting essential resources to deliver community services.

The Great Recession's Impact on People

This first section examines the recession and its effect on people's lives by discussing the research conducted through the Brookings Institute by Elizabeth (Kneebone, 2010) titled The Great Recession and Poverty in Metropolitan America and Jennifer Sherman's work titled, Surviving the Great Recession: Growing Need and the Stigmatized Safety, 2013 . "The Great Recession and Poverty in Metropolitan America," analyzes the 2009 American Community Survey, (ACS), (Kneebone, 2010). The report identified the poverty trends in 100 of the largest metropolitan areas in the United States. The ACS is the Census Bureau's response to providing reliable census data in the years between the complete census' reports conducted every ten years. It is a tool designed to assist with identifying timely community trends to inform an array of community investment and policy decisions (US Census, April, 2009).

According to (Kneebone, 2010) The US Census Bureau selected a sampling of US residents in each of the nation's states from the Main Address Frame or MAF; a collection of all the known residential addresses in the US, (US Census, 2014). She then took the Census data and drilled down to the 100 largest metropolitan areas represented in the study. According to (Kneebone, 2010) the US Census Bureau collected the ACS data using mailings, phone interviews, and in -person interviews. The US Census Bureau collected all data from the three forms through a secured network and created data files from the research responses. Those data files were then coded and final reports were developed.

- 47% of the respondents submitted mailed surveys
- 10% of the respondents completed phone surveys
- 41% of the respondents participated in person interviews

Kneebone, (2010) indicates that the data collected included: 25 Housing and 42 Population questions. Housing question examples identified data such as household size, home rental costs, mortgage payments, etc. Population questions identified, race, employment, disabilities, etc. Poverty in 2009 is defined as a family of 4 whose annual household income is $29,654 or less. The 100 largest metropolitan regions in the US data were extracted from the ACS report and their poverty trends were reported by (Kneebone, 2010).

Kneebone,(2010) studied the aforementioned data and her 2010 report documented the following findings. Large US metropolitan areas saw the number of those classified as poor increase by 5.5 million people from 1999-2009. This was not restricted to inner cities. In the largest metropolitan areas, 1.6 million more poor resided in the suburbs than in the cities. The poverty rate grew 57% between 2007 and 2009 in the largest metropolitan areas. The greatest poverty rate increases occurred in the geographic region commonly called the Sunbelt. This included areas such as Lakeland

Florida, and Bakersfield, California. Their poverty rate grew more than 3.5 percentage points.

Kneebone,(2010) research further revealed that during year two of the recession, 2008-2009 an additional 1.2 million poor people lived in both cities and suburbs. City poverty rates increased as much as 5 percentage points and suburban poverty rates increased 2-4 percentage points from 2007 to 2009.

Review of (Kneebone, 2010) acknowledges that poverty is no longer an inner city problem. Increases in suburban poverty began long before the recession; however the Great Recession exacerbated its growth. The expansion of poverty in the US will require collaborative regional solutions that transcend political party lines and demand coordination of services between community organizations. Overall the growth in the nation's poor increases the pool of those who require services from nonprofit community organizations.

Further review of the ACS study highlights the fact that the survey was a sampling and was not a complete census analysis of all US citizens. As such all people in each community were not participants in the survey. As cited in the (Kneebone, 2010) report the Great Recession did not affect all regions of the nation evenly. Some regions faired far worse, such as the Sunbelt in states like Florida and California and states which depending heavily on the manufacturing industry such as Ohio and Michigan.

Whether people were employed in manufacturing or service fields, working class people prided themselves for earning their keep. They worked diligently to provide for their families and they work diligently to avoid attaining services from the social safety net in the US. The Great Recession created an economic climate that inhibited working class people, particularly lower income working class people, from earning sufficient income to earn their keep. This did not just challenge people economically but socially and emotionally as well. There are stigmas attached to accessing “entitlements” in the US and many working class families are proud and may choose to suffer rather than to be labeled “lazy”. During the Great Recession, regardless of whether or not families went to nonprofits feeling relieved to have resources, or with embarrassment and regret, the need by US residents to access services provided by community organizations increased considerably, (Sherman, 2013).

Jennifer Sherman’s Surviving the Great Recession: Growing Need and the Stigmatized Safety, (November 2013), explores how residents in Washington State navigated the Great Recession. It examines how layoffs, reduced work hours and reduced wages impacted three neighboring town’s citizenry. It chronicles the survival strategies employed by its residents to survive the most significant economic downturn since the Great Depression.

Sherman, (2013) research sample was comprised of 55 residents who lived in RidgeWay communities in Washington State. There were 34 female and 21 male interviewed. Of those 55, 17 were married, 13 cohabitated and 24 were single. It is unclear why habitation totals equal 54 and not 55. The study did not notate. It can be speculated that maybe one married couple treated their answers as one. Forty nine (49) of the respondents had children. Five nationalities participated in the research: 38 White, 7 Latino, 5 African American, 4 Native American and 1 Asian. In addition, to the in-person interviews, a six month ethnographic study was conducted as the researcher served as a volunteer in a local food bank and an observer in the low income neighborhoods and community spaces.

According to (Sherman, 2013) respondents for the survey were recruited with support from local social service agencies which distributed flyers to their customers, word of mouth and ethnographic research conducted at a local food bank. Interviews were conducted in-person in respondent's homes or in public spaces. Respondents lived in HUD subsidized apartments, low cost housing, trailers, and rental homes. Public spaces where interviews were conducted included public libraries, coffee shops, fast food restaurants, etc. Interviewees primarily completed their interviews alone. Some married couples opted to be interviewed together. The interviews were open-ended questions and were all recorded. Two forms of instruments were used. The first was interviews comprised of open-ended questions categorized in the following fields: community, family, employment, leisure, marriage, relationships, family, religion/faith, politics, including voting practices and demographics. The second was an ethnographic study that documented the researcher's observations serving as a volunteer at a local food bank using a cell phone and handwritten notes. The interviews were transcribed verbatim and coded according to themes. The ethnographic notes were also coded into themes (Sherman, 2013).

Respondents had long work histories; however there were gaps in their work histories primarily due to health issues, layoffs, incarceration and family crisis (Sherman, 2013).

Key findings:

1. Recession created longer periods of unemployment.

2. Those who maintained employment had either their wages, hours and/or benefits reduced.
3. Those most vulnerable - people disabilities, those with prior criminal records and those with limited education and skills - had the most difficult time attaining and maintaining employment.
4. Respondents were low income, but most earned their wages and did not have longer histories using welfare services.
5. Respondents felt humiliated for seeking welfare benefits.
6. Resources used by respondents included subsidized housing, food banks, Social Security Disability, food stamps, and subsidized medical.
7. Many refused state cash support because of the stigma connected to receiving cash from the state.
8. Men were significantly impacted the great recession.
9. Couples were more likely to suffer - go without food and other basic needs - because men who saw themselves as breadwinners did not want to be embarrassed by using handouts.
10. Single respondents were more likely to use welfare services to support their children.

According to (Sherman, 2013) most of the respondents wanted to be employed, contributing members of society. However their skill sets or other personal challenges coupled with the lack of available employment restricted many of their abilities to be gainfully employed. Many isolated themselves from family and friends and or became depressed. During a national financial crisis, policy needs to reflect providing resources to families to help them maintain their dignity. Unemployment benefits and earned income tax credits are two examples of support that allow families to keep their dignity while receiving support. Welfare benefits and soup kitchens definitely meet community needs, but how can similar services be delivered in a more dignified manner? Sherman, (2013) suggests that US policy needs to look not just at economic facts but at cultural and social implications of economic downturns to develop policy and programs that lift families from poverty and not demean them because they are poor.

Consider, if a nation experiences gross unemployment and is able to provide food stamps so their citizens do not starve, is that noble or is it shameful? If a father's son loses his job and that father is able to feed his son during his time of challenge, is that father not proud he can help? No, the government is not the nation's parent; however ensuring access to basic needs services can be a noble purpose of government.

Sherman, (2013) survey respondents were primarily referred by local social service agencies and the study was mostly based upon soup kitchen clients. The recruitment of the survey respondents possibly disproportionately leaned towards people with the greatest financial challenges. Also the ethnographic study was based upon one person's observations, so personal bias may color interpretations of the data collected.

Kneebone, (2010) and Sherman, (2013), research clearly document evidence that the Great Recession caused many citizens to need additional supports to meet their needs. Nonprofit organizations are often the sources that individuals seek to assist them in meeting those needs. During the Great Recession, reduced household income caused by unemployment and underemployment forced many families to seek assistance from government, human service agencies or nonprofit community organizations. This increased demand for nonprofit organizational services, occurred at a time when nonprofit revenue was declining. Many nonprofits responded to this situation by decreasing indirect service expenses, and divesting in their personnel. The aftermath of the recession still lingers and a quick recovery is not presently apparent. Nonprofit organizations could benefit from learning some industry practices to increase their capacity to serve moving forward, (Gassman et. al., 2012).

The Great Recession's Impact on Nonprofit Organizations

This section will describe the challenges nonprofits managed during the recession. This will be achieved by discussing the research of Julianne Gassman et. al., (2012) and Michael Gibbons, (2012). Julianne Gassman of University of Northern Iowa conducted the study, <u>A Three Year Study of the Nonprofit Sector's Response to the Economic Challenges in Six Cities Across the Nation,(2012</u>) to learn how the recession impacted nonprofit community organizations. The purpose of the study was to identify trends in: service demand, ability to deliver service, financial impact, and organizational response in an effort to prepare nonprofits to manage future operations during an economic crisis. The study was an online study conducted with data from nonprofits across the US in the following metropolitan communities:

Cedar Falls, Iowa	Los Angeles, California	Hattiesburg, Mississippi
Dallas, Texas	Orlando, Florida;	Kansas City, Missouri.
Youngstown, Ohio		

According to (Gassman, et. al., 2012) the study was conducted in 2009, 2010, and 2011. It was expected to be conducted again in 2012 and 2013. This particular report only discusses three years 2009, 2010 and 2011. In 2009 Kansas City, Missouri was not one of the participants. Kansas City participated in the survey in 2010 and 2011. Youngstown Ohio only participated in the initial survey in 2009. The surveys were issued electronically to the Chief Operating Officers of United Way Funded Nonprofit Organizations.

Gasman, (2012), study explored the issues of nonprofit survival. Specifically, the research investigated the total impact of the recession. It examined the recession's connection to service demand and chronicled nonprofit funding sources during the recession. Lastly, the study reviewed organizational operational actions during the recession to insure survival to fulfill their missions. The initial study was developed at the University of North Texas, (UNT). The study was delivered utilizing an online Survey Monkey tool. Specific geographies were chosen because they were a part of a Nonprofit Leadership Alliance that partnered with local universities. Faculty at the partnering universities was responsible for distributing the surveys. All but one contacted their local United Way organization to initially conducted in fall 2009 in the following cities: disseminate the survey. United Way emailed the surveys to their grantee's CEOs. The study was administered by local United Way Directors. These directors distributed the survey to their Grantees CEOs. There was one exception. Florida faculty did not distribute the survey via United Way; they used their own list serve. The survey was initially conducted in the fall 2009 in the following cities:

Cedar Falls, Iowa　　Dallas, Texas　　Los Angeles, California

Orlando, Florida	Hattiesburg, Mississippi	Youngstown, Ohio

The study was conducted again in 2010 with changes adding version two of the UNT survey of Economic Impact on Nonprofit Organizations. The 2010 cohort was:

Cedar Falls, Iowa	Orlando, Florida	Kansas City, Missouri.
Dallas, Texas	Hattiesburg, Mississippi	

Participants in the 2009 survey were Los Angeles, California and Youngstown. Ohio did not take the 2010 survey. Additional modifications to the survey were made and the survey was conducted again in 2011. The 2011 cohort was:

Cedar Falls, Iowa

Dallas, Texas

Orlando, Florida

Hattiesburg, Mississippi

Kansas City, Missouri

Los Angeles, California

It was noted that cities were representative of their metropolitan regions, not just the city proper, (Gassman et. al., 2012). Another important variable to consider was that respondents did not answer all the questions on the survey each time it was administered. This varied each year. Also the survey was sent out to a different number of agencies each year.

Year	**Surveys Issued**	**Respondents**
2009	803	18%
2010	580	21%
2011	438	28%

The average percentage of respondents for all three years was 25%

An online survey tool was used, developed by the University of Texas. It was modified in 2010 to incorporate UNT Survey of Economic Impact on Nonprofit Organizations and again in 2011. As described in the variables and measurements section, convenience sampling was used to obtain each organization's results. Survey Monkey was used to deliver and capture the data (Gassman et. al., 2012).

All of the following data is attributed to (Gassman et. al., 2012). The following focus areas were measured for each of the respondents: geography, mission, service demand, service delivery, revenue source changes, impact of revenue changes, operational response to changes, service delivery adjustments, changes in employee benefits, and the use of other cost cutting strategies. In 2009, 52% of the responding organizations were from Dallas and its surrounding communities. In 2010 50% of the respondents were located in the Kansas City vicinity. Lastly, in 2011 52% of the respondents were from Dallas and Kansas City. In all three years 2009, 2010, and 2011 the majority of respondents mission were focused in four areas. The focus areas are listed in order from highest to lowest responses: 1) health and human services, 2) youth development, 3) mental health and 4) educational services. In 2009 67% of the organizations reported an increase in demand for their services; 56% of those reported being able to meet the demand. In 2010 71% of the organizations reported an increase in demand for their services; 55% of those reported being able to meet the demand. In 2011 84% of the organizations reported an increase in demand for their services; 49% of those reported being able to meet the demand, (Gassman et. al., 2012).

This next section continues to discuss key findings from (Gassman et. al., 2012), research that identified trends in nonprofit operations. In 2009 60% of the organizations reported significant declines in individual contributions. In 2010 the figure improved to 54% and was further improved in 2011 at 45%. Foundation support also decreased significantly. In 2011 40% of the participating organizations' revenue decreased from five revenue streams: individual contributions, foundations, corporations, government and investment income. In 2011 the decrease in government grants had the greatest impact on responding nonprofit organizations. The revenue decreases lead to nonprofit organization staffing layoffs, hiring freezes, and reductions in employment benefits. In 2009 25% of agencies reported issuing layoffs, 17% cut salaries and 48% mandated hiring freezes. In 2010 36% of agencies reported issuing layoffs and 18% cut wages and 50% mandated hiring freezes. Hiring freezes increased in 2011 however continued layoffs and hours reductions were no longer a primary action for addressing revenue shortfall, (Gassman et. al., 2012). Staffing appears to have stabilized. Although staffing has stabilized, employee benefit cuts continue to rise. Nonprofit employers reduced retirement contributions, raised health care premiums, and cut staff training in 2009 and 2010. In 2011 the percentage of employers reducing employee wages declined. Employee benefits, on the other hand, continue to be cut to reduce expenses. In 2009 less that 15% of agencies were cutting employee benefits and in 2011 nearly 25% of agencies were cutting employee benefits. Overall staff training is the area where the majority of the organizations slashed their expenses. This area has been cut 40-45% each year from 2009-2011, (Gassman et. al., 2012).

In addition, to reducing personnel costs, nonprofits reduced services, programs and operating hours, (Gassman et. al., 2012). Nonprofits reduction of operational hours was fairly consistent from 2009-2011 hovering between 10 and 11%. Program services decreased steadily from 2009 to 2011, from approximately 20-25%. The most significant change has been in the area of program reduction. Organizations have been consistently decreasing program offerings from 2009-2011. In 2009 20% reported reducing programming, in 2010. 25% and in 2011 the percentage rose to 30%. Nonprofits are surviving by streamlining the services they provide the community. Furthermore, nonprofits took other actions to reduce expenses from 2009-2011. Fifty percent of the organizations reduced travel and non-service-related expenses and over 30% were also changing service providers to reduce expenses. They also cut memberships. Less than 15% reduced employee training expenses and only 10% cut rent costs.

Undoubtedly, the recession significantly affected the operations of nonprofit organizations, as indicated by (Gassman et. al., 2012). Community resident resources have declined and increased their need for services. Conversely, nonprofit revenues have declined and they have more people requesting their support. This has resulted in nonprofit organizations having to cut operating expenses by reducing personnel expenses, including wages and benefits, limiting training, reducing services and streamlining programming. Overall, it means nonprofit community organizations must identify their core service for mission advancement and develop plans to continue its delivery coupled with identifying new revenue sources.

As a longitudinal study, (Gassman et. al., 2012) had some limitations to the study. The survey respondents varied from year to year. The exact same agencies did not respond each year. Also the number of respondents surveyed progressively declined year to year. Another limitation was that in the initial year the study was predominantly limited to United Way Funded Agencies. Many agencies were unfunded by UWSEM during the recession and many of those agencies circumstances are not included in this research.

The Great Recession did not just impact UWSEM funded organizations; it directly affected government and government funded agencies. Diminishing individual and corporate revenue diminishes state revenues. When families lose their homes governments lose property tax income. When citizens lose their jobs governments lose income tax revenue. In short, government resources shrink when its citizen's income declines. When the government income shrinks, government must make tough decisions. What gets cut? During 2009 it took three months for the Pennsylvania State legislature to agree on a budget. As a result Pennsylvania State spending was halted. Several community service organizations went unfunded by the state for three months. This gap in funding created significant challenges for both the community organizations and their clients at a time when these organizations were experiencing a surge in service requests (Gibbons, 2012).

The Community-based Research on the Effects of the Financial Crisis on Community Service Organizations in Adams County Pennsylvania in 2012 discusses the impact the state funding drought had on community service organizations and community residents. It also identified and documented survival strategies employed by community agencies that survived this economic storm and begins to offer pre-emptive solutions to assist other community organizations with weathering future economic challenges, (Gibbons, 2012).

In this final portion of section two, (Gibbons, 2012) research is explored. Gibbons, 2012, states that a group of community service leaders met together lead by the United Way of Pennsylvania and agreed that documenting the impact of the State Budget freeze was important. As a result the following groups voluntarily agreed to participate in the research:

- Adams County Circles Initiatives (under SCCAP)
- Community Health Improvement
- Gettysburg Community Soup Kitchen
- Adams County Homeless Shelter (under SCCAP)
- Ready to Learn
- Survivor, Inc.
- YWCA of Gettysburg and Adams County

There were a total of 36 respondents from these collective organizations; 19 were clients and staff. Collectively there were 8 men and 28 women who participated in the study from both the staff and client groups. The partners who initiated the research were also the subjects of the survey. Researchers met with the partners to finalize the study details. The partners were intimately involved in the development and execution of the research, from indentifying objectives and methods to application of findings and the distribution of the results. In-person interviews were conducted with 31 participants at the various community service organizations; five of the interviews took place via phone. The interviews were conducted by five research teams. The research teams were comprised of sociology students from Gettysburg College. There were two to four students on each team and each team was assigned a specific organization to research. All the interviews were recorded and coded using a manual paper process. Students identified emerging themes *by applying the grounded theory*. These reports were discussed in the students' classes. Students applied class learning to improve their coding, after which final student reports were sent to the principal researcher to develop the final report.

According to (Gibbons, 2012) a set of 23 questions was developed for the interview process. Thirteen questions were directed toward the community organizations and ten questions were directed towards clients of the community organizations. In summary the questions asked how the financial crisis impacted the respondents. What situations did it create and what actions did the respondent employ to address those situations?

Five key themes that surfaced from analyzing the research article were:

- Community organizations whose revenue streams were diversified were impacted less.

- The need for community organization services increased.
- Community organizations had to identify alternative revenue sources.
- Community organizations had to reduce operating costs.
- Community organizations had to leverage community relationships.

The research revealed that community organizations employed one or more of seven operational strategies to survive the recession. The chart below is replicated from (Gibbons, 2012) report:

Activity	**Number of Mentions**
Postponing payments to creditors	4
Increasing reliance on volunteers	4
Providing loan or aid from local businesses or citizens	3
Extending operating credit	2
Laying off personnel	1
Shutting down programs	1
Working to increase donations	1

Overall, (Gibbons, 2012) identified four recommendations for community service organizations to assist them in navigating financial crisis. They are:

- Diversify revenue streams.
- Build savings or access to rotating business credit.
- Be creative with resources.
    - Renegotiate bill payments.
    - Secure in-kind resources that alleviate cash needs.
    - Engage the community.

- Avoid operations that are too lean.

Organizations that have significant resources from multiple source operations are not crippled if one revenue sources is jeopardized. Building reserves through saving or lines of credit provide an emergency for short term funding shortages. Effectively rethinking or being creative with existing resources helps strengthen community partnerships and can help establish long term support to meet certain needs. Avoiding operating at bare bones gives an organization areas to cut so that when a crisis arises cuts do not shut down operations.

The research was driven by the respondents, (Gibbons, 2012). Respondents had a vested interest in having their stories told to help stabilize future government revenue, by disseminating their stories using an evidence based approach. In short, biases are likely woven into respondent's responses.

The Importance of Nonprofit Organizational Reputation and Operations

The third section of the literature review will discuss how reputation can directly affect nonprofit revenue and the value of adopting dynamic business operation practices. The research of Professors Laura E. Grant from University of Wisconsin and Matthew from University of California, Julie Naskrent, Phillip Siebelt, Susan Raymond. W. Kim Chan and Renee Mauborgne will be described.

Experiences cultivate personal biases and people with similar biases tend to gravitate to like environments. Birds of feather flock together, is another adage that describes how people group like entities. How does the action of one community organization impact other similar organizations in their field? If negative reports of misappropriation of funds or neglect of clients are published, do donors suspend their contributions to the accused organizations or to all like entities? Professors Laura E. Grant from University of Wisconsin and Matthew Potoski from University of California conducted a study to examine the affect collective reputations have on donations to charities, (Grant & Potoski, 2013).

The article, Collective Reputations Affect Donations to Charities, (Grant & Potoski, 2013), examines the patterns of contributions donated to charities in correspondence to the charity rating an organization receives from the Charity Navigator. Its purpose is to document the impact individual nonprofit organizations have in developing collective reputations and how those reputations impact peer organizations' fundraising.

There were 3,120 charities rated by Charity Navigator whose information was reviewed. Collectively over 60,000 ratings of these charities were issued. There were 40,000 unpublished and 20,000 published ratings in total. Charity Navigator rates organizations on a scale of 0-4. The scale key is as follows"

- 0 = exceptionally poor
- 1= poor
- 2 = needs improvement
- 3 = good
- 4 = exceptional performance

The score is a calculation taking into account two key factors: financial health and transparency/accountability. Not all the surveyed charities were ranked using Charity Navigator. So the research team created their own tool to simulate scores using the Charity Navigator measurement process. Rankings extracted from the Charity Navigator were classified as published and rankings classified by the research team were classified as unpublished. This study collected the ratings of 3,120 US organizations. Some were rated by the Charity Navigator and some with a modified replication of the tools. These organizations were categorized in 346 groups according to service policies and the states where they operated. IRS 990 documents and US Census of Government data were also collected. The constituents were reviewed for a median of six years from 2002-2008. The data was then classified and charted.

A complex empirical formula was developed to mirror the calculation process used by the Charity Navigator to determine if peer organization fundraising was impacted by Charity Navigator ratings for organizations who were unrated by Charity Navigator. Please note Charity Navigator collects public information to calculate its results. This study's research team used the same type of public information to replicate the study for organizations not rated by Charity Navigator. IRS Form 990 and US Census of Government report data were also instruments used to collect data.

The most significant findings of the data analysis, that related to peer group reputation was measured in four areas:

- OwnUn_PeerUn = charity unpublished and peer unpublished

  Research did not show significant variance in contribution less than .00
- OwnUn_PeerPub = charity unpublished and peer published

  Research did not show significant variance in contribution less than .00
- OwnPub_PeerUn = charity published and peer unpublished

  Research did not show significant variance in contribution less than .00

- OwnPub_PeerPub = charity published and peer published researched showed .03% increase in contributions

In short, the only significant findings were those identified as having published ratings and peer published ratings. Charity Navigator's rating system creates an environment that establishes a collective reputation among charities with similar policies within the same state. As a result the Charity Navigator's rankings of a particular community organization had a direct positive and/or negative impact on the contributions of their peer organizations. If for example a charity is rated four stars, the publication of that rating will likely cause organizations with similar focus and geography to experience a spike in support. Conversely if an agency is ranked a one star, similar organizations within that state may experience a decline in financial support. Overall, when an agency and its peer both have published Charity Navigator ratings a one star ranking increase results in a three percent increase in donations. Organizations that did not have published Charity Navigator ratings did not show any impact on their contribution levels related to the ratings of organizations that had published ratings from Charity Navigator.

When there are no published ratings of community organizations, it appears that there is no collective reputation developed among peer community organizations. The mere fact the Charity Navigator ranks and publishes peer organizations ratings creates a collective reputation among like organizations. This creation of a collective reputation creates an environment where the behaviors of like charities directly impact their collective fundraising abilities. Understanding this dynamic forces community organizations to have vested interest in the integrity of their peers and creates a case to self regulate themselves. Charity Navigator only rates----US nonprofits. Also Charity Navigator does not include quality of services provided or impact of the organization's work in the community. As a result, the ratings are limited to measuring fiscal responsibility. This is not a comprehensive analysis of the validity of a charity. However many donors do use charity navigator to assist them in their charitable giving decision making, (Grant & Potoski, 2013).

Donor contributions are a key revenue source for many nonprofit organizations. Retaining donors is a critical component in stabilizing revenue. During a financial crisis donor retention can be even more challenging. This article, The Influence of Commitment, Trust, Satisfaction, and Involvement on Donor Retention examines the drivers that contribute to donor retention. Trust was one of the key factors within this article; trust is a factor that influences an organization's reputation, (Naskrent & Siebelt, 2011). During the Great Recession government revenue shortfalls resulted in governments' reducing financial support for community service. Poor economic conditions also increased the demand for community organization services by its residents. In order to meet the rising need to provide services to the people, nonprofit organizations require reliable revenue streams. Contributed dollars from individuals are a significant source of revenue for some community organizations. Donor retention is an important component for stabilizing contributed income. This study states that donor retention is low among nonprofit organizations. Repeat contributors are less than 50% of their donor constituency each year. Recruiting new donors is far more expensive then retaining current contributors. This research is designed to share best practices to assist nonprofit organizations with retaining donors. It analyzes four German nonprofit

Organizations, which agreed to share their donor lists. There were 1,028 donors contacted to participate in the survey, 439 agreed to participate and 364 completed the entire survey process. Just over 51% were female and 49% were male. In Germany the majority of the contributors are older citizens so the average age of the respondents was 64. In an effort to analyze more than one type of giving pattern, 49 of the respondents were past donors. These past donors were those who had previously contributed to the organization but had not given again within the last 18 months. Also because the respondents were older adults the survey was conducted via telephone vs. the internet. The survey asked respondents questions regarding the influencing factors surrounding their donor behavior. The survey was comprised of 39 questions divided into four focus areas: commitment, trust, satisfaction and involvement. The questions were tested for validity reliability, factor loading and effect size. Interviewees' responses were also classified into four distinct areas: commitment, trust, satisfaction and involvement. The responses were assigned a numerical value that measured their impact upon retention.

There was no one single factor that alone directly improved donor retention; however combinations of factors did increase donor retention indirectly. The proceeding chart proceeding extracted from (Naskrent & Siebelt, 2011) research highlights these findings.

Independent Variable	Dependent Variable	Effect Size	Interpretation
Commitment	Retention	0.08	Weak
Trust	Retention	0.01	Weak
Satisfaction	Retention	0.00	Non-existent
Involvement	Retention	0.00	Non-existent
Trust	Commitment	0.00	Non-existent
Satisfaction	Commitment	0.03	Weak
Involvement	Commitment	0.86	Strong
Satisfaction	**Trust**	**2.23**	**Strong**
Involvement	Satisfaction	0.33	Strong

Specifically donor satisfaction strongly influenced donor trust. Involvement contributed to donor commitment and satisfaction. The study suggests that managers of nonprofit organizations can improve donor retention by employing two key practices:

1. Share with donors the impact of their gift; donors want to know that in their absence the intent of their gift is upheld. They want to know that their contribution improves conditions. When a community organization can effectively communicate their impact, it further validates the organizations credibility and builds trust.
2. Acknowledge the donor for their gift; donors want to be appreciated for their contribution.

This study was conducted in Germany with older adults. It is no secret that these current donors will eventually transition from life. As indicated by the research young donors were not a significant part of the survey respondents. Understanding this, the question arises: how will organizations attract and maintain younger or new donors? Examining some best practices from the for-profit world may provide some insights on attracting new contributors.

As part of an interdisciplinary approach, it was important to include credible research from the for profit business sector. Nonprofit organizations are businesses; they just do not generate profits for shareholder or owners. Yet nonprofits experience competition for resources. As service demand increases for nonprofit community organizations, the need for increasing revenue streams rises . If nonprofit organizations are to survive they will need to differentiate themselves and adopt effective business practices that transcend markets and products. What matters most is not whether an organization is a nonprofit or for-profit, a food bank or a youth center. What matters most are an organization's reputation and relevancy. Organizations the community deems relevant will not only survive but thrive. *Blue Ocean Strategy: From Theory to Practice* challenges organizations to extract themselves from the bloodied sea of competitive oceans of business to unexplored noncompetitive seas to build a business where the only option is yours (Kim & Mauborgne, 2005). Blue Ocean Strategy gives businesses practical tools to grow revenue by expanding their market share into noncompetitive arenas. Over 108 companies over the past 15 years have utilized Blue Ocean Strategies. This particular article focuses on one, Casella Wines (Kim & Mauborgne, 2010).

The wine business is saturated with wine retailers in an industry where market share has remained flat for years. Utilizing traditional business techniques, wine companies are required to compete in what (Kim & Mauborgne, 2010) termed red oceans. A Red Ocean is the place where businesses fight to fiercely over market share. They compete for each other's customers instead of focusing on attaining new customers. As a result of this competition, wine companies' operating costs increase while their profit margins decline. There are over 1,000 wine companies sharing 25% of the market. There are eight companies that have captured 75% of the wine consumption market. Despite this fiercely competitive environment, in a matter of two years, a new wine company emerges on the scene and becomes the fastest growing wine seller. Businesses want to increase their profits in the midst of rigorous competition. This research indicates the key to increasing long-term rising profits is to say goodbye to competition and hello to uncontested markets. Though not explicitly expressed, it is implied that Blue Ocean experts worked with business leaders to apply Blue Ocean strategy tools to transform their business operations.

The Strategy Canvas and the Four Action Framework were the two Blue Ocean Strategy tools discussed in this article. The Strategy Canvas helps businesses visualize the current competitive field. It is a process that diagrams the companies' production cost and the consumer's value of a product. It specifically documents the current areas where companies are investing dollars to compete.

The Four Action Framework asks four key questions diagramed as four quadrants – the questions:

1. **What should the company eliminate?** Specifically, what business practices or operations should the company stop?
2. **What should the company reduce?** Specifically, what business practices or operations does the company expend too many resources providing that can be minimized to reduce unnecessary expenditures?
3. **What should the company raise?** Specifically, which activities should the company increase investment that would yield higher returns?
4. **What should the company create?** Specifically, what is the company not doing that has the potential to develop new markets and yield additional revenue?

Casella Wines, the maker of Yellow Tail, discovered the following using the Strategy Canvas. The strategy profile for both high end and low end wine makers were the same. Their research also revealed that non-wine drinkers outnumber traditional wine drinkers 3 to1. There was uncontested market just waiting for Casella Wines. Additionally, they learned that the average consumer did not drink wine because they viewed selecting wine as too complicated; the labeling was written using industry jargon and the flavors were too numerous and complex for lay people. Casella Wines employed the following business decisions based upon their findings using the Blue Ocean Strategy Tools: Strategy Canvas and Four Actions Framework.

Eliminate:	Raise:
Enological Terminology and Distinctions Aging Quality Above the line Marketing	Price versus Budget Wines Retail Store Involvement
Reduce:	**Create:**
Wine Complexity Wine Range Vineyard Prestige	Easy Drinking Ease of Selection Fun and Adventure

Casella Wines created Yellow Tail wines. Initially, they only offered red wine and chardonnay. The labels were simple. They marketed the wine as an everyday casual drink. They engaged the retailers in the simple promotion of the product. Gone was all the wine professional jargon. This new product did not enter the highly competitive high end wine seller market. It went after the 3 to1 market that did not drink wine at all. It was criticized by wine sellers, yet attracted six million new wine drinkers to the industry. In the end Casella Wine redefined wine drinking by appealing to the interests of untapped markets that had been ignored by traditional wine companies. They created a reputation of being a great wine everyone can enjoy every day.

Although studies exist examining other businesses' use of the Blue Ocean Strategy, this article focuses only on Casella Wines and the wine industry. This study does not illustrate how Blue Ocean strategies can be applied to nonprofit/community service organizations. Susan R. Raymond's 2013 study, *Recession, Renewal and Recovery*, however, does examine the best business practices nonprofit organizations exercised during the recession.

As a part of the Making Lemonade research process, *Recession, Renewal and Recovery* was one of the most comprehensive examinations of all three research challenges discussed in the work: the recession's impact on community; nonprofits' response to the recession, and the significance of a nonprofit's reputation. Raymond, (2013), work explains the impact of the Great Recession on government, industry, families and the nonprofit sector. Her work describes the strategies that nonprofits employed to survive the recession and provides tools and best practices that nonprofit organizations can use to thrive and effectively, efficiently meet growing community needs. This research collected resources from 14 distinct case studies and an extensive list of secondary data from government, industry experts, and scholars whose work documented the Great Recession's impact in the US. (Raymond, 2013) research was organized into four sections with a total of 18 chapters. Case study problems were presented throughout text and case study solutions were described at the very end.

Part I: Recession and Recovery documented the impact the recession had on the US and other parts of the world. It drew a picture of how the recession affected households, workers, employers and nonprofit organizations. It was an image of unemployment, underemployment, reduced government spending, and increased demand for nonprofits to act as a safety net, despite diminishing revenues.

Part II: Global Economic Change described the global landscape in which nonprofits now operate. Economic growth will be led by Asia and Latin America. The middle class around the world is growing rapidly. The new business leaders will not necessarily be westerners. Nonprofits will need to be able to operate in a world where very diverse cultures converge.

Part III: Requisite Change in the Nonprofit Sector details the significant changes the nonprofit sector is undergoing particularly as it relates to globalization. One of the most significant changes requires a paradigm shift. Raymond, (2013) research asks nonprofit organizations to see themselves as partners not as recipients of gifts. Another core change that was indentified is the rise in International Philanthropy. Many causes transcend nations. The concept of place is disappearing; businesses have customers across countries, and social issues are not restricted to specific geographies. People are giving to issues that serve the world. There is a growth surge of nonprofits around the world; a phenomenon that is being directly affected by the freer, more open foreign policies.

Part IV: Strategy for Rapid Change provides nonprofits with practical strategies to employ to operate in very dynamic times. Circumstances are always changing, and nonprofits are now required to respond to change effectively, efficiently and responsibly. Raymond, 2013 offers five organizing principles to inform this work:

One: Maintain an Outward Line of Sight. It is not just about the organizational mission, it is also about being responsive to those you are serving and adapting to changing environments.

Two: Create a Culture of Evidence/Set Reasonable and Measurable Goals: In today's competitive environment doing good work is insufficient. Nonprofits need to be able to prove their value. This can be achieved by setting reasonable goals that can be measured.

Three: Constantly Request Constituent Feedback on How You Are Performing. Refrain from operating in a vacuum. Frequently seek the opinions of those groups and individuals that support your organization's ongoing performance.

Four: Attend to Brand: Intentionally manage image and operate with integrity. An organization's brand expresses an organization's mission, values and practices. It is more about how an organization behaves than it is about the logo's appearance.

Five: Do not Act Alone: Most societal challenges are extremely complicated. There is usually no one shot cure. Additionally, the number of nonprofits is growing and the traditional revenues that support them are shrinking. In an effort to efficiently and effectively address complex social issues at larger scales, nonprofit organizations must consistently partner and collaborate; operating solo is rarely an option today.

The final key result that (Raymond, 2013) challenges the nonprofit organization to embrace is the utility of fluidity. Nonprofit organizations must constantly assess the social and economic environments in which they operate and adapt promptly, using sound information. There are four core components to Utility Fluidity: set clear measurable goals; build knowledge from external and internal indicators; sort choices and decisions, and execute. In brief, establish a flexible process. Successful organizations are neither so rigid that they cannot adapt and respond to change nor so fluid that decisions are made off the cuff. A delicate balance exists between the two, which (Raymond, 2013) calls Utility Fluidity or Fluid Discipline.

Recession, Renewal and Recovery, (Raymond, 2013), examines scaffolding that nonprofit community organizations can use to construct sustainability processes. Scaffolding is comprised of comprehensive documentation of the dynamic nonprofit landscape, case studies, five organizing principles, utility of fluidity process and a self-assessment tool. The Self Assessment Tool empowers nonprofits to develop a comprehensive Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis that will provide a framework for nonprofits to build upon.

Additionally, there are 14 case studies - real life examples of how best practices were used to strengthen an organization. These case studies provide understandable examples that organizations can further analyze and adapt to apply to their operations. Overall, the final result of *Recession, Renewal and Recovery (*Raymond, 2013) report was to provide evidence-based solution processes that nonprofits can modify and adopt to improve their operations in today's dynamic socioeconomic climate.

Time is the greatest weakness; the landscape for community organizations in today's economy is a moving target. The economic climate today is different than it was when the article was first published. Change is truly the only constant. Change is occurring so rapidly that gearing up for constant change while maintaining existing services is a true paradigm shift for nonprofit organizations. The other limitation to the study is the sheer depth and breadth of the nonprofit world. Despite documenting a diverse landscape of 14 case studies applicable to various types of nonprofit organizations there are thousands of different types of nonprofit community organizations that have many different operating structures. There is no one-size-fits-all solution. Organizations' funding streams vary often times and a shift in revenue sources can shift mission focus. This can be healthy or it could comprise the organization's integrity. As the author indicated, the lines are blurring between the nonprofit and for-profit world, particularly in the service sector.

The eight literary reviews provide clear evidence that the Great Recession changed the trajectory of nations. People's lives were greatly impacted. The implied social safety net within the US was stretched beyond capacity and nonprofit organizations were forced to rethink how they operated. As the nation slowly recovers from this financial crisis millions of residents require additional supports to elevate their quality of life. Demand for nonprofit services continues to grow exponentially, outpacing traditional revenue streams. It is therefore imperative that nonprofit organizations learn from the recession, leverage their resources and strengthen their reputations. The Great Recession has ended, but the recovery from its effects lingers. The world is different and will not return to pre-recession state. Community organizations must rethink how they operate. They must operate in a new landscape and make changes that respond to an ever evolving socio economical climate through informed decision making processes. The subsequent chapters will explore what best practices the YMCA exercised to survive the Great Recession. Ideally this research will serve to demonstrate if suggested strategies are effective and offer new ideas to the body of knowledge that exists to help nonprofit organizations thrive in the 21st century and beyond to responsibly respond to community needs.

Chapter 3 – Methodology: Cut, Squeeze, Pour and Stir

There is substantial existing research that chronicles the Great Recession's impact on society, locally, nationally and internationally. Researchers are still examining its aftermath. Residual effects persist. Despite the official determination that the recession has ended, many people still earn less than they earned prior to 2008, at the height of the economic unraveling. There are a significant number of businesses whose earnings have not returned to pre-recession growth rates, especially in the nonprofit community. The government continues to divest revenues from public services, which heighten the need for non-profit community organizations to meet the rising demands of the nation's citizens, despite stagnant and/or reduced resources.

The overarching question is how does a nonprofit organization survive and thrive in a challenging economic climate? Yin (1994) states that using a case study method is an effective approach to answering a "how" research, question. Additionally, Yin writes that contemporary phenomena studied in a real life context are another rational for using a case study approach. This thesis titled Making Lemonade does both. It asks how the YMCA survived, and at the same time studies a phenomenon in a real-life context. The case study approach is supported by Raymond (2013), who incorporated 14 case studies in her work Recession, Renewal and Recovery, discussed in the Literature Review. Raymond, (2013) work, which is presented in this paper, offers the most comprehensive research on nonprofit operation during the recession. In an effort to have all the YMCA's key leadership participate in the case study process, interview questions were made available using an electronic survey. This helped ensure continuity and full management participation. Raymond's fluidity principle, which emphasizes the importance of informed flexibility, (Raymond, 2013) helped frame the development of the broad research questions.

1. What impact did the Great Recession have upon citizens?
2. What impact did the recession have upon nonprofit community organizations?
3. How significant is reputation management among nonprofit community organizations?

Setting

Making Lemonade is a qualitative case study that examines the key decisions developed and executed by the members of the YMCA of Metropolitan Detroit's senior leadership team, comprised of both staff and volunteers. Interviews and an online survey interview tool were used to collect data over a four-month period from December 2013 through March 2014. An electronic interview survey comprised of 14 opened ended and 1 multiple choice question was distributed to all members of the YMCA of Metropolitan Detroit's executive leadership. The Chief Executive Officer (CEO) and two past Chairmen of the YMCA corporate board completed an in-person or phone one-on-one interview. All final interview responses were entered into the Survey Monkey tool. All the respondents' narrative answers were then categorized and coded to identify central themes.

The in-person interviews were conducted in a conference room at the corporate offices of the YMCA of Metropolitan Detroit and at the legal offices of Ron Deneweth. The telephone interviews were conducted at the YMCA of Metropolitan Detroit, in the cubicle of the YMCA Vice-President of Youth Development, Arts and Community Initiatives.

Sample/Participants

The respondents were purposive; they were selected because they were all senior level YMCA employees and past governance volunteers from the YMCA of Metropolitan Detroit corporate board.

Two past corporate board chairs were interviewed, as was the entire 19 member YMCA staff leadership team. The Y staff members interviewed include: the CEO, COO, the immediate past CFO, the current CFO, two executive vice presidents, two senior vice-presidents, six vice-presidents and five executive directors. Survey respondents include two African American females, six Caucasian females, and thirteen Caucasian males. No respondents are under 30 years old. One respondent is in his 30s, seven respondents are in their 40s and 13 respondents are over the age of 50. All 21 of the respondents were part of the leadership team of the YMCA of Metropolitan Detroit during the Great Recession.

Measurement/Instruments

Two types of research collection methods were used to conduct this study; normally-collected and researcher-made. The normally-collected research included public documents and internal YMCA reports. This normally collected data provides a financial and organizational picture of the YMCA during the recession. In addition, it is used to validate the key themes identified in the qualitative interview assessment taken by YMCA leadership. The normally collected research tools are outlined below:

- Tool One: YMCA IRS form 990s – These documents confirmed YMCA total revenue decreases and contribution decreases.

- Tool Two: YMCA corporate board meeting minutes – These documents confirmed board approval of key decisions including moving corporate offices and decreasing retirement contributions.
- Tool Three: YMCA annual reports: These documents illustrate the YMCA's continued mission work and document organizational revenues.
- Tool Four: YMCA employee numbers report: This report shows documents fluctuations in Y employment, including the size of the workforce, wage percentage reductions, and reductions in employee benefits expense.
- Tool Five: YMCA Program and membership reports: These reports document fluctuations in the YMCA's core revenue, including membership and program fees.

The researcher-made study gathered data from 21 respondents, who were asked to respond to 15 interview questions: 14 narratives and one multiple choice question. Three questions directly addressed the impact, opportunities and challenges of the recession. Specifically, the recession-focused, research questions were:

1. How did the recession in 2008-2012 impact the operations of the YMCA of Metropolitan Detroit?
2. What opportunities did the recession in 2008-2012 create for the YMCA?
3. What challenges did the recession in 2008-2012 create for the YMCA?

Three questions addressed the decision making processes, the decision makers and expected outcomes of the recession as is it affected organizational resources. The resource-focused research questions were:

4. What specific decisions were made to address the recession?

5. Who participated in the decision making?

6. What was the decision making process?

Three questions addressed unintended outcomes, staff roles and learnings that directly and indirectly contributed to the organization's reputation. The reputation resource questions were:

7. What were the expected outcomes of the decisions?

8. What were the unintended outcomes of the decisions?

9. What was your role in the process?

The final questions captured information on how the organization would address moving from a survival to thriving mode and best practices that other organizations would employ. The questions included:

10. What did you learn from this work?

11. Is there anything the YMCA should have done differently during the financial crisis?

12. How does a nonprofit transition from survival mode to thriving mode?

13. Please identify some best practices that other nonprofit organizations should employ to navigate tumultuous financial situations.

14. What management level is your YMCA job Classified as?

15. Closing thoughts?

All the collected data helped contribute to the overarching purpose of this study to share effective operational strategies that will enable community organizations to effectively operate during economically challenging times.

Data Collection/Procedures

Written authorization was attained from the CEO of the YMCA of Metropolitan Detroit to approve attainment of all normally collected materials that were both public information and internal management documents. Once the written authorization was received it was submitted to the Wayne State University International Review Board along with the copy of the research questions. It was determined by the IRB that the research did not compromise human subjects and did not require IRB approval. Once the official decision from the IRB was received in-person and phone interviews were conducted with the CEO and the two corporate board members. Conducting these in-person interviews helped to establish the validity and reliability of the study. The sampling of the three surveys revealed that the open-ended questions effectively attained the desired information consistently from all three subjects. The only variation is that drop-down menus are not used in person-to-person interviews. There is one question on the online interview survey that used a drop-down menu to choose the respondent's title.

After the initial interview with the CEO, the questions were uploaded into Survey Monkey and issued via email to 18 members of YMCA senior leadership. The survey asked 15 questions 14 open-ended narrative questions and 1 multiple choice selection. The initial interview questions were distributed in December 2013 and sent out six additional times until all respondents answered them. The final interviews were completed in March 2014. All answers from the initial in-person and phone interviews were input in the survey tool. This was done so that all responses would be analyzed collectively. All data for the questions are located electronically in the Survey Monkey tool.

Data Analysis

All answers to the questions were reviewed to identify themes. The answers were then categorized by themes. As described above, the researcher–made tool categorized 15 questions into 4 core areas: recession, resources, reputation and research purpose. All the answers for each question were entered into a spreadsheet and assigned a number. Each time a similar response was identified for that question, it was assigned the same number. For example, if payroll cuts were a response for question number one, this answer may be assigned the number three. Then all responses that identified payroll cuts as an answer to question one would be assigned the number three. If eight responses discussed payroll cuts for item number one than eight comments would be labeled number three. This would signify that eight responses gave payroll cuts as the answer for item number one. Charts were developed and the answers were charted to create visual documentation of the narrative answers See Table 4 on page 83 for a visual depiction of the interview summary.

Chapter 4 - Results: A Refreshing Beverage to Drink

Take action promptly. Taking action is a subtle underlying theme that resonated from the Making Lemonade research study. Yes, the YMCA executed many best practices as prescribed by the scholars discussed in this study. Taking action is not explicitly expressed as a best practice. It is possibly presumed. Often times the biggest mistake leaders make during a looming crisis, is doing nothing, said Reid Thebault, outgoing CEO of the YMCA of Metropolitan Detroit in a January 2014 interview. Of the tactics the YMCA of Metropolitan Detroit initiated, the most important one was deciding to act. Often time leaders know some action needs to be taken and they do nothing or take too long to act. At an executive committee meeting in April 2014 incoming YMCA CEO Scott Landry commended the YMCA of Metropolitan Detroit's leadership team for making very hard decisions in a timely manner. He said that five years ago, the YMCA of Metropolitan Detroit made significant sacrifices that have protected us. Many other YMCAs that were slow to respond to the realities of the Great Recession are now in financial peril. Landry knows this first-hand, because he has traveled to several YMCAs throughout the US over the last three years to provide them with financial counsel. According to Landry, bankruptcy or selling off core assets were several YMCAs' only options. Landry added that because the YMCA of Metropolitan Detroit sacrificed early, today the Association is confidently negotiating with various banks to refinance its debt. Conversely, according to an article in the Milwaukee Journal Sentinel, the YMCA of Metropolitan Milwaukee will be undergoing massive restructuring because it is unable to pay its $30 million debt (Pabst, 2014). This chapter will share findings of the YMCA of Metropolitan's Detroit's journey through the Great Recession.

Recession's Impact on the YMCA

Essentially the data in Table 1 on page 80 confirms that the YMCA of Metropolitan Detroit's core revenue streams declined from 2008 – 2011. Membership revenues declined over $2,000,000 annually for three years. From 2008-2012 memberships and first year membership revenue declined more than $5,000,000; United Way revenue declined $500,000; camping services revenue declined over $350,000 and interest earnings declined over $150,000. In a less than five years the YMCA's core revenue sources shrank $6,000,000. Despite these significant revenue shortfalls, the YMCA grew its overall revenue by $7,000.000. Contributions grew $446,000, government grants and contracts grew $500,000, realized interest gains recovered from the sale of the YMCA's Warren facility added over $1,000,000 to the YMCA's revenue line item and the YMCA's educational services generated over $4,000,000 in new operating revenues. These dollars did not directly offset lost membership revenues. Both the schools and the government contracts revenue were funds restricted for specific program operations; namely the operation of new YMCA schools and the expansion of YMCA non-facility outreach programs. Both programs added significant expenses which absorbed the new revenue.

<u>YMCA Redistributes Resources in Response to Recession</u>

The YMCA did not lay off a significant number of employees; the YMCA opted to reduce all staff wages in an effort to maintain programming. Table 3 on page 82; outlines the number of employees the YMCA employed 2008-2012. In addition, it chronicles the timeline of staff wages and benefit cuts during the great recession. The YMCA operated leanly prior to the recession and significant staff cuts would have resulted in significant program reductions for Y members and the community. Layoffs ranged from five to twelve employees annually from 2008 -2012. In 2008 the YMCA had 164 full time employees and 1199 part time employees. By 2012 the YMCA had 178 full time employees and 1046 part time employees. The increase in full time personnel was primarily due to the opening of the three YMCA charter schools, and the expansion of the government funded abstinence education, youth employment and after school enrichment programs, which collectively added more than 50 full time employees,

In an effort to proactively manage personnel costs the YMCA implemented the following decisions:

- 2008 increased employee contribution for health benefits
- 2008 reduced employee wages 5%-15%
    - 15% CEO and CEO Direct Reports
    - 10% Vice-Presidents and Executive Directors
    - 5% All non executive management level staff
- 2009 decreased employee retirement contributions from 12% to 8%
- 2009 increased employee contribution for health benefits
- 2012 Discontinued wellness rewards program

Collectively these decisions reduced the YMCA operating costs by more than $500,000 annually.

The findings from the recession-focused questions reveal that the revenue decline was the greatest factor that affected YMCA operations. Table 1 on page 80 illustrates this point. Specifically, memberships decreased significantly. One respondent said, “We lost a third of our membership in about 9 months. Our donations dropped. Corporate giving virtually evaporated.” This is supported by Table 1 which documents membership revenue from 2008-2012, and which shows membership dollars decreasing by more than five million dollars from 2008-2012. The second most frequent response relating to the impact of the recession were comments regarding staff wage, benefit and retirement reductions. This is evident in this comment from one of the survey participants, “We did not have the financial strength to continue affording staff the benefits and compensation they had been accustomed.” Another staff stated it succinctly, “Salaries and benefits were reduced.” This fact is also documented in Table 3 on page 82. It is evident that staff narratives align with the financial and tax records reviewed during this research.

The most frequent response regarding the opportunities created during the recession was developing efficient YMCA operations. Respondents cited centralizing maintenance, centralizing business processes, consolidating office space and partner purchase agreements, as operational efficiencies, created from necessity birthed by the recession. One respondent stated, “We looked at ways we could reduce costs by leveraging our purchasing power with other YMCAs in Toledo, Grand Rapids and Lansing. We were able to reduce our costs in office supplies, natural gas prices and print materials. We also looked at our internal YMCA facilities team to determine where we could save money by having us self perform work vs. paying outside contractors. We were able to do more for our facilities and obtain a better quality of work. We learned to do our own gym floors, seal coat and crack-fill our parking lots, we painted many facilities, we renovated a banquet room." These business practices served as permanent processes to minimize present and future operating expenses.

The challenge that was the most difficult for staff to manage was operating programs with limited resources. This included limited supplies, staff and program operating space. Managers noted that asking staff to do more while they earned less money negatively impacted employee morale. In short, as outlined in early chapters; the recession reduced operating dollars for many nonprofit organizations and made it challenging to provide services. Staff made the following comments:

- " Staff are overworked, some doing two or three different jobs,"
- "Having to maintain level branch performance with less staff. Very difficult to ask staff to do more for less pay."
- "We had more people needing programs and less money to devote to programs."
- "The challenge of having very few resources of any kind to do what needed to be done."

There were very specific decisions made by YMCA leadership to ensure the YMCA met its financial obligations to its creditors and maintained program operations for its members and the community. The key decision makers were the CEO, COO, CFO, Executive Vice-Presidents, Senior Vice-Presidents and the YMCA of Metropolitan Detroit Board of Directors. Senior management met in a series of focus groups and identified multiple cost-cutting strategies. Senior staff also met with various board committee such as the finance committee, HR committee and facilities committee. Decisions were vetted through staff and volunteer committees before being executed.

Decisions that required board approval such as reducing retirement contributions and opening a new charter school were presented to the board of directors for approval. Other decisions such as payroll and benefit reduction were managed internally by senior staff. The most significant decisions focused on personnel expenses:

- Reduce employee wages
- Reduce employee benefit expenses
- Reduce employer contribution to employee retirement fund
- Freeze salary increases
- Refrain from filling employee vacancies when possible

"We closed our Warren Branch before the formal recession. The Y cut salaries 5% to15%. The Y stopped any capital campaigns or philanthropic expansion plans. We consolidated different positions. We introduced a scholarship supported membership assistance program called Helping Hands and then a much lower price point membership, Y for All," said one respondent. Another colleague added, "Consolidated space, moved headquarters into a facility owned by the YMCA." The savings from these actions provided immediate financial relief during the eye of the financial storm. Personnel expense reductions of this sort were made with the intention of being temporary, rather than long-term. Over long periods of time salary rollbacks, wage freezes and benefit reduction can diminish staff morale. Concern about employee morale was another issue respondents stated as a challenge during the recession, specifically because staff members were being asked to increase their responsibilities with less pay. Here is one staff member's perspective, "Everyone was thankful for a job, but many people were having their own financial struggles due to the extended length of the payroll freeze."

Additional expense reduction decisions included:

- Centralizing maintenance operations and self-performing most items
- Consolidating corporate offices into YMCA owned facilities
- Closing Warren YMCA Branch
- Creating Helping Hands and Y For All memberships

The aforementioned expense reduction strategies saved the YMCA over $500,000 annually. These decisions can be sustained for the long-term and will allow the YMCA to operate more efficiently in challenging and good economic times. In summary, the decisions were, self-performing maintenance, increase staff skills and decreased our outsourcing expenses. Until membership numbers peak creating demand for more programming space at the Boll YMCA, the corporate offices can maintain operations in a building it owns, without incurring additional rental or utility costs. Closing the Warren branch frees up revenue for the YMCA to invest in other more profitable YMCA facilities or into new ventures. Lastly developing the Helping Hands and Y for All membership was a responsible decision. Helping Hands gave members who lost their jobs temporary free memberships. Y for All gave low-income families membership at a substantially reduced rate. Both of these programs showed the YMCA being responsive to the community when the community needed the Y most. These actions have the potential of strengthening the YMCA's reputation in the community.

YMCA's Responsible Proactive Practices Strengthen the YMCA's Reputation

Reputation is essentially how others view you. The outcomes of the YMCA's financial decisions had a direct impact on how staff, volunteers, and other organizations would view the YMCA for years ahead. The expected outcomes were clearly stated by the interviewees: the YMCA would continue offering its core programming services and meet all its financial obligations. This was the intended outcome that was achieved, "We would be true to our core values. Be supportive to our customers. Take necessary steps to be sustainable. Maintain our "financial" commitments." Another interviewee added, "Never cut programs. Improve programs. Increase level of programs despite less money. We accomplished that." Achieving these aims would significantly strengthen the YMCA's reputation.

As stated earlier the temporary free membership for members who lost their jobs and the reduced memberships for low-income families improved the relationship of the Y with its members. Cutting wages and benefits usually taints employees' perceptions of the company; however, many interviewed saw the personnel cuts as responsible. "I think we followed the right course, avoiding mass layoffs and just holding tight onto every penny. Expecting more from fewer people with fewer resources. It was very hard. It actually continues to be very hard, though the situation is gradually improving year by year," explained one survey respondent. Several interviewees cited that the alternative would have been massive layoffs and reduced services to the community. One of the YMCA's key stakeholders was a consortium of banks that held the bonds issued to aid the YMCA in building three YMCAs in the past fifteen years. During the recession the YMCA was able to meet all its debts covenant obligations. As a result the YMCA has a stellar reputation with local financial institutions. Here is one interviewee's summation of the events: "The YMCA would be fulfilling all its financial obligations and still provide quality programming and maintain and increase its relevancy in the community." This achievement positions the YMCA to negotiate more affordable debt refinancing in future years. In addition, the YMCA of Metropolitan received the 2012 Excellence in Fundraising Award from the North American YMCA Development Organization (NAYDO). This award was given to the YMCA of Metropolitan Detroit for its ability to leverage philanthropic dollars during the great recession to sustain and expand its community service operations. This annual national award is another symbol that strengthens the YMCA's reputation.

The most significant unintended outcome of the decisions YMCA leadership made during the recession was the duration of the payroll rollbacks and salary freezes. Management thought the payroll rollbacks would be temporary. They anticipated that the income would bounce back. It did not. "I was hoping we would not be in the recession as long as we were. I thought we would be able to rescind cuts, said one key YMCA leader." Another Y colleague added, "Salary and retirement benefits have yet to be reinstated and does not look like it ever will be." The YMCA is experiencing growth, but slowly. The sustained pay freezes have affected staff morale according to YMCA staff, "Many of the expense cuts were originally anticipated to be short term, but because of the long-term impact of the recession, ended up being permanent." There were some positive unintended outcomes identified in the interviews: high performing staff excelled during the recession; they managed multiple responsibilities and or learned and used new skills that improved the organization's operations. Additionally, the YMCA implemented lower priced membership for low-income, families and scholarships for member who lost their jobs.

During the decision-making process staff roles were to identify possible solutions, analyze them, implement them and manage the cultural environment. This is evident in the following correspondent's statements:

- "Implementation and investigation of cost saving measures within the branches."
- "Manage staff disappointment, meet budget expectations."
- "Had to decide which jobs would be reduced or eliminated."
- "Major role was to review and validate savings opportunities"
- "Execute plan, manage communication, service delivery and morale"

The prior questions examined the recession's impact on the YMCA, the YMCA's distribution of its resources and the impact the YMCA's decisions had on its own reputation. The latter questions delved a little deeper and attempted to ascertain what was learned from managing the YMCA during the recession. This learning, ideally will address the overarching purpose of this research to identify best practices that can be used by other community organizations.

Responding promptly to the changing economic climate and maintaining good relationships with people were two of the most important strategies learned according to YMCA managers. YMCA staff each identified different types of relationships but at the end of the day during challenging times, YMCA management engaged key staff and volunteers and trusted them to make the right decisions. "Move quickly, and don't over think it…Trust the staff more, they will take responsibility, said one YMCA staffer. This point was validated by another respondent who replied, "I learned that I could do much more than I thought I could…especially with limited resources. I grew as a leader." Senior leadership noted that during a crisis it is important to act and to act promptly once you have identified the problem and the possible solutions. Delaying action could be detrimental to the survival of the organization. "The big thing is when you are faced with a set of challenges, act. The worst thing you can do is not act. A lot of time organizational leaders do nothing. They become paralyzed by the magnitude of the changes." said one senior YMCA leader. This statement was further supported by another YMCA key leader, "Inaction is not simply standing still. It is actually moving backwards." The respondent added, "It also reinforced to me the idea that people are resilient and can do extraordinary things in time of crisis."

Given the circumstances, respondents did not identify any changes that should have been retracted. Respondents did state that communication could have been improved, especially regarding the payroll rollbacks. They believed it should have been communicated in person not just via email. In addition, the interviewees would have liked the YMCA to have made a more concerted effort to invest in YMCA facilities. Comments were as follows:

"Communicate with staff regarding decisions."

"Communicate salary reductions in person."

"Communicate challenges to frontline staff."

"More staff communication."

"Invest in branch operations."

"I think that we have poor internal communications that needed to be strengthened during a crisis like this. Sporadic communication from Y leaders was resented by the frontline, who felt forgotten, even though I believe they weren't. We just needed a communications expert to keep us focused on the work at hand, who would let the staff know they were valued." The aforementioned suggests that leadership communicated well with leadership but not well with lower ranking support staff. This was the one area the YMCA could have done differently: improve communication with frontline staff. Despite the absence of completely effective internal communication, the YMCA survived the Great Recession and demonstrated some best practices. These practices are: consistently examine your environment, look and move forward. This is the first best practice identified by YMCA leadership. Do not wait for the ceiling to collapse. Either prevent it from collapsing or prepare for its collapse and tear it down. The YMCA of Metropolitan Detroit executed Covey's first habit - "Be proactive." Y leaders analyzed financial trends and made bold decisions to minimize the impact of the longest recession since the great depression (Dandier, 2013). The second best practice was to engage the right people. Having the right staff and volunteers involved in an inclusive decision making process was critical to the YMCA's success. Finance staff told the truth and did not mask challenges. Y staff immediately examined the situation and its options and acted promptly. Thirdly, the YMCA developed even more efficient operations processes that will be used moving forward. These processes were centralizing major business processes such as maintenance and collaborating with other organizations to reduce purchasing costs.

YMCA Responds to Community Need

A fourth and final best practice employed by the YMCA was responding to community need. Upon review of the YMCA financials, five key areas grew significantly:

1. Grants and Government Contracts
2. Schools
3. Senior Programming
4. Girls on the Run
5. Personal Training

See Table 1 on page 80.

When traditional YMCA programs were shrinking, staff gauged the community and identified some specific community needs. They then developed YMCA program capacity to meet those needs. Sexually transmitted diseases were rising in metropolitan Detroit communities. The YMCA had a history of delivering an abstinence education program, so the YMCA applied for federal funding and tripled their abstinence education program. The Midwest region sustained higher unemployment for a longer period of time than most other regions in the US, and youth unemployment was even higher. The YMCA had a 30 year history of preparing urban youth for post-secondary education, so the YMCA applied and was awarded Workforce Investment Act funds to help disadvantaged youth gain employability skills. Arts and extracurricular activities had been cut from many public educational programs, so the YMCA developed Y Enrichment and Y Arts outreach services. The YMCA then partnered with local businesses to secure 21st Century Community Learning Center funding to pay for these services to be implemented in local schools. Many of Detroit's schools have been unable to provide a nurturing environment to educate its children. In the Cody Rouge and Brightmoor neighborhoods in Detroit, many of the schools had been closed. The YMCA had a history of operating effective charter schools in the past and decided to open schools and give disadvantaged children a true Y experience. The YMCA was able to secure numerous foundation and private funds to open two new charter schools spread over three campuses in the Brightmoor and Cody Rouge neighborhoods of Detroit.

The senior population is healthier and living longer; so the YMCA increased its senior program offerings. Senior programs at the YMCA of Detroit have more than tripled its membership size. Enrollment in senior programs at the YMCA of Metropolitan has more than tripled. The largest senior program is Silver Sneakers.

Personal Training became another growth opportunity for the YMCA. More people were becoming conscience of maintaining healthy bodies and desired one on one or small group training. As a result the YMCA invested in developing a professional personal trainer program.

Last, but, certainly not least, the YMCA invested in Girls on the Run, a national fitness and self-esteem program for girls. This program aligned with YMCA core values and leveraged both earned and contributed revenue.

In summary, this research revealed that the YMCA developed a multifaceted expense reduction program using a research-based inclusionary process involving YMCA key staff and volunteer leaders. In addition, the YMCA took some strategic investment risks in the areas of education, youth development and wellness with a focus on seniors. In short, they did not stand still and wait for change to be thrust upon the organization; they were proactive with both expense controls and strategic low risk investments.

Chapter 5 – Discussion: Making Lemonade, Transforming Sour to Sweet

Nonprofit community organizations primarily exist to improve the quality of people's lives. Salamon defines the nonprofit sector as, "…a set of organizations that is privately constituted but serves some public purpose, such as the advancement of health, education, scientific progress, social welfare, or the free expression of ideas" (1999, p.10-11). Some nonprofit organizations provide basic need services, such as food, shelter and clothing. Some provide medical assistance, job training and arts education. Others advocate for humane treatment of animals and the preservation of the earth. Steckel lists 26 different types of nonprofits compiled by the National Taxonomy of Exempt Entities, (2007, p.187-188). Regardless of their mission, nonprofit organizations by design exist to fill gaps in societal need. The research further explains, "The work of the nonprofit sector is essential to the prosperity and vitality of our communities and core to making healthy changes to better society as a whole", (Gassman et. al., 2012, p.4). This concept is further supported by Salamon who writes, "…they serve some public purpose and contribute to the public good" (1999, p.8).

During the Great Recession, gaps in meeting community needs widened because of sustained unemployment (Raymond, 2013, p.32). This long-term unemployment reduced the income of many people substantially. As a result, many families reached out to nonprofit community organizations for relief to reduce or minimize the gap. As the demand increased for many nonprofit community organizations, their own resources declined. Brinckerhoff partially predicted this in 2000 when he wrote, "Not only is raw demand (the number of people presenting themselves for services) going to continue to climb, but the cost of serving each of those people will also rise, at a time that income will stay basically static" (p. 23). His predictions were nearly correct. In reality, demand increased and resources decreased. Investments, grants, and contributions - three primary revenue sources of most nonprofit organizations - realized negative growth. "The demand for services has increased every year between 2009 and 2011 while the organization's ability to meet the increase in demand has consistently decreased every year. Corporate donations, government grants, and investment income have decreased, but individual contributions increased during all three years" (Gassman et. al., 2012, p.2).

During the recession, some organizations closed their doors because they could not afford their operating costs. Closings were not discriminatory. Nonprofits in basic needs, healthcare and the arts closed their doors. Political News cited a report compiled from the Food Bank for New York City that reported that one fourth of the city's food banks had closed within the last five years (Political News, 2009). The Baltimore Opera Company closed its doors because of financial challenges, (Baltimoreopera.com) and the outpatient oncology clinic at the University Medical Center in Las Vegas, Nevada closed its doors due to state revenue shortfalls (60 Minutes, 2009). Other organizations that survived the recession reduced services to minimize expenses. Some organizations maximized operating efficiencies; some reduced operating expenses including reducing wages, issuing layoffs, reducing benefits, collaborating and more. The research of (Gassman et. al., 2012) thoroughly documents these practices.

As a nonprofit professional with more than 20 years of experience, I identified three research challenges and three research resolutions. The first resolution is the belief that the impact of the recession on nonprofits would be resolved with intentional efforts to renew the focus of nonprofits to ensure their mission and programs aligned with current trends. The second resolution, presumed that nonprofit organizations that exercised resiliency would most effectively manage existing resources and leverage new resources to overcome the challenges of having to do more with less. The third and final resolution was that nonprofit organizations that focused on their mission and exercised fiscal and organizational responsibility would validate their relevance to the community and funders—thus strengthening their reputation.

The research for this study was conducted to examine how the YMCA of Metropolitan Detroit navigated the downward economic spiral, coined the Great Recession, (Raymond, 2013, p.29). Using opened ended questions via interviews and/or an online survey tool, the present leadership team of the YMCA of Metropolitan Detroit served as qualitative research subjects that explored the impact of the recession on their operations, members and program participants. The researched explored the organization's demand for services, investigated the management of resources by the YMCA during the recession and the connection those decisions and their results had on the YMCA's organizational reputation. The vast majority of current research available regarding the recession focuses on how for profit businesses can navigate financial hardships in a capitalistic environment. According to (Raymond, 2013) the rise of the middle class in the eastern part of the world will bring both challenge and opportunity to the nonprofit sector. Wealth will no longer primarily reside in the western world, (2013, p. 54). Consequently more research is needed that provides practical solutions to guide nonprofits seeking to learn effective operational strategies to strengthen operations, especially during the slow economic recovery in most of the US. Nonprofits must stay mission-driven while market-focused to develop business practices to ensure their longevity, (Brinckerhoff 2000, p.252).

Making Lemonade was chosen as a metaphorical theme for this work because making lemonade is a process of interdisciplinary transformation. It is a process that requires combining distinct ingredients to create something new that does not exist as long as all the ingredients remain separate. Often times it is the blending of current concepts that enables new ideas to be created. Making lemonade represents taking something tart, sour and unpleasant to some and transforming it into something sweet, refreshing and pleasant to others. Similarly, nonprofit organizations work to resolve many societal ills by transforming problems into opportunities.

The research revealed that the recession had a tremendous impact on the YMCA of Metropolitan Detroit and its membership base. One interviewee noted that the YMCA's membership shrank by more than a third in less than one year. In less than five years the YMCA's membership revenue decreased by more than five million dollars. In an effort to remain viable it was critical that the YMCA quickly assess its environment and identify the community needs where the YMCA could effectuate position change. Using its staff and corporate volunteers, the YMCA expeditiously analyzed its environment and made major changes to its operations. This possibly could be a good example of an organization exercising some aspects of (Raymond, 2013) fluid disciple theory (2013, p.238). Simply put, nonprofits must promptly respond to change, using relevant internal and external data. The research also reported how the YMCA managed shrinking resources by becoming more energy smart, which resulted in significant decreases in reduced utility costs. Other operational efficiencies employed by the YMCA included consolidating office space, expanding staff duties, reducing personnel costs and self performing maintenance at YMCA owned and leased facilities.

The other important challenge was developing new programs or enhancing existing programs to meet present community needs. This required the YMCA to go through a renewal process. Education, senior wellness and youth development services were the issues that rose to the forefront. As a result, new donors and funding opportunities were received. The YMCA lost $6,000,000 in traditional operations but gained $7,000,000 in its new ventures. This demonstrated the YMCA's resilience.

The blue ocean strategy was explored during this research process. This strategic business operation process requires businesses to move from the bloody waters of competition by developing businesses in uncontested waters (Kim & Mauborgne, 2010). The YMCA and nonprofit organizations embarking upon a renewal process may want to consider adopting/adapting the blue ocean strategy. As nonprofit organizations expand globally, as (Raymond, 2013) states, funding will become more global (2013, p.54). Not all commercial businesses strategies fit neatly into nonprofit worlds. If, however, an organization can identify and develop its unique differentiator and simply and effectively communicate its unique relevance to its audiences—the organization builds the potential to thrive and make its competition obsolete. Very little research was found that thoroughly explored nonprofit organizations that adopted the blue ocean strategy. More research that documents nonprofit use of the blue ocean strategy could possibly help nonprofits successfully create an authentic renewal process.

Other findings, such as those described by (Raymond, 2013) indicates that the YMCA responsibly addressed the challenges that the recession helped to accelerate. The YMCA did not focus on what resources it did not have. The YMCA optimized its then current resources and leveraged new resources enabling the YMCA to meet all its financial obligations. The recession actually strengthened the YMCA and improved its reputation. Funders took a new look at the YMCA and began seeing the YMCA as resourceful partners and the banks saw the YMCA as a reliable client (Landry, 2014). This gave the YMCA of Metropolitan Detroit national recognition propelling it to new heights.

As with all studies, “Making Lemonade” had its limitations. The study was limited by the sample. Only the present YMCA leaders were interviewed. There were several managers who no longer worked for the YMCA of Metropolitan Detroit that were managers during the recession. Consequently, not all managers who worked during that period were included in the research. In addition, the study sample did not include frontline staff, middle management, major donors or program participants and members. Interviewing other YMCA key stakeholders could bring additional insight on the YMCA’s ability to survive the recession. Lastly, the study only examined one organization. Examining another YMCA or nonprofit could have provided additional insight---as well as chronicling an organization that did not successfully navigate the recession.

Examining an organization that did not survive could provide meaningful insight that would reveal if the best practices employed by the YMCA of Metropolitan were effectively replicable. Lastly, it would be very useful to compare and contrast nonprofit organizations that employed the blue ocean strategy and (Raymond, 2013) five organizing principles, to support rapid strategic change. This would further expand the body of knowledge dedicated to nonprofit success in the 21st century.

In summary, the recession's challenges were renewal's opportunities. Shrinking resources are resiliency's springboard and organizational reputation is the fruit of corporate responsibility. Recession challenges can be resolved by promptly and effectively developing and implementing an organizational renewal process. This is not a one and done strategy. Renewal is an ongoing evolutionary business process. It must be integrated into the culture. It is not a thing you do. It is a way of being.

Necessity is the mother of invention is not an old worn out phrase; it is a clean statement that indicates the conditions that often create opportunity are born from adversity. An organization will not demonstrate resiliency if it has nothing that challenges it. Diminishing resources can force nonprofit organizations to prove their mission's worth to themselves and their constituencies.

The YMCA was forced to rethink why it was in business and how it would operate its business. As a result, new maintenance processes were created that would carry the YMCA to and through the best of times. A new tier of membership was created to make YMCA services more accessible to the community. Schools were opened, senior services were expanded along with a host of federally funded youth programs. It was not a fun or easy time for the YMCA, but the resource crunch initiated a demonstration of the YMCA's resiliency.

The YMCA of Metropolitan Detroit kept its doors open, paid its bills on time and partnered with other YMCAs to reduce purchasing costs and to deliver services. Despite the hardships the great recession ignited, the YMCA of Metropolitan Detroit strengthened its reputation by focusing on its mission, being proactively attuned to the socio-economic environment and efficiently managing its resources. In summary, the YMCA took the lemons of a failing economy and made lemonade. The mission and proactive focus served as the water, operational efficiencies served as the sweetener and the economic climate filled with life's problems were the lemons.

The YMCA's blending of its mission, collective pro-activeness, and operational efficiencies transformed an abandoned building in Detroit's Brightmoor neighborhood into million dollar renovation, that now educates over 300 children. Over 100 teens secured subsidized summer employment in a community with double-digit unemployment. Senior programming exploded from serving dozens to hundreds of older adults. Over 500 low income families now have Y memberships and over 2,000 girls' self esteem was nurtured in YMCA Girls on the Run programs. The recession for the Y became the catalyst for organizational renewal. It allowed the Y to demonstrate its resilience and elevate its reputation.

Nonprofit organizations must continually renew operations, exercise resiliency and uphold their reputation. Adopting these three practices can help nonprofit organizations survive today's economy and flourish in the future economies.

Table 1

YMCA of Metropolitan Detroit Revenue Summary

	2008	2009	2010	2011	2012
Financial Overview Audited Financial Statements					
Revenue	$29,535,280.00	$35,068,390.00	$34,752,569.00	$30,761,959.00	$36,700,510.00
Expenses	$37,930,045.00	$34,278,040.00	$34,414,696.00	$33,522,683.00	$36,685,086.00
Beginning Net Assets	$42,025,722.00	$33,630,957.00	$34,421,307.00	$34,759,180.00	$31,998,456.00
Increase(Decrease Net Assets)	-$8,394,765.00	$790,350.00	$337,873.00	-$2,760,724.00	$15,424.00
Net Assets	$33,630,957.00	$34,421,307.00	$34,759,180.00	$31,998,456.00	$32,013,880.00
	Closed Warren		Opened DLA		Opened DIA
Core Revenue Sources Audited Financial Statements					
UWSEM	$755,132.00	$546,796.00	$529,604.00	$261,718.00	$218,254.00
Contributions	$1,350,808.00	$877,639.00	$1,947,523.00	$989,945.00	$1,911,560.00
Grants/Government Contracts	$1,485,136.00	$1,335,503.00	$1,453,361.00	$1,484,681.00	$1,931,709.00
Education Services	$0.00	$0.00	$862,858.00	$2,308,437.00	$4,005,175.00
Memberships	$19,347,277.00	$17,011,844.00	$15,297,373.00	$14,277,558.00	$14,391,554.00
First Year Members	$429,725.00	$285,750.00	$262,984.00	$204,513.00	$227,681.00
Camping	$11,187,149.00	$10,133,984.00	$9,905,277.00	$10,303,440.00	$10,832,857.00

Extracted from YMCA Audited Financial Statement and IRS 990 Forms

Table 2

YMCA of Metropolitan Detroit Membership Class Offerings

Program	2008	2009	2010	2011	2012	2013	Totals	008 to 201	Growth	008 to 201	Growth
* Body Toning/Shaping/Sculptg	19	665	704	732	710	762	3592	691	**3637%**	743	**3911%**
* Personal Training/Fitness	27	20	202	113	123	99	584	96	**356%**	72	**267%**
* Senior Fitness	0	48	37			114	199	0		114	
Adult Coreboard	181	193	150	113	385	347	1369	204	**113%**	166	**92%**
Adult Cross Fit				91	162	98	351	162		98	
Adult Karate	375	420	627	660	600	543	3225	225	**60%**	168	**45%**
Adult Zumba	455	901	912	2749	2859	3142	11018	2404	**528%**	2687	**591%**
Family Phys Education	17	0		48	65	91	221	48	**282%**	74	**435%**
Personal Training (2)	616	528	401	519	463	630	3157	-153	**-25%**	14	**2%**
Personal Training Extended	278	293	551	673	469	437	2701	191	**69%**	159	**57%**
Senior Cardio Seated Exercise	813	831	1050	1266	1734	1749	7443	921	**113%**	936	**115%**
Senior Exercise	240	6	72	75	58	278	729	-182	**-76%**	38	**16%**

Provided by YMCA IT Department Extracted from Protivity Member Management System March 2014

Table 3

YMCA of Metropolitan Detroit Employees, Wages and Benefits

	2008	**2009**	**2010**	**2011**	**2012**
Number Full Time YMCA Employees	164	151	148	171	178
Number of Part Time YMCA Employees	1199	1075	968	831	1046
Number of employees laid off or position eliminated, not including terminations	6	12	10	5	5
Benefit Reductions	Increase all employee contribution for health benefits	*Retirement cut from 12% to 8% *Increase employee health benefit contribution	Increase employee contribution for health benefits for 2 person and family coverage only		Wellness Rewards program discontinued
Pay cuts	5%-15%				

Provided by YMCA Human Resource Department March 2014

Table 4

YMCA of Metropolitan Detroit Best Practices Summary

Response	**Frequency**
Mission driven	8
Forward looking, thinking and acting	20
Maintain efficient operations	8
Engage, entrust the right people	12

Extracted from Making Lemonade Survey Monkey Question 13

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ABSTRACT

MAKING LEMONADE: NONPROFIT SURVIVAL DURING THE GREAT RECESSION

by

LATITIA MCCREE

May 2014

Advisor: Dr. Dapne Ntiri, Ph.D.

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The Great Recession that officially began in December 2007 and ended in June 2009 significantly impacted the quality of life for many US families. Jobs were permanently lost, homes were foreclosed, and personal savings were depleted. This caused many families to seek aid from nonprofit organizations. As the demand for nonprofit services rose, many nonprofit organization's revenues and resources declined.

A case study of the YMCA of Metropolitan Detroit was conducted using open ended survey questions to learn how the YMCA, which resided in one of the hardest hit regions survived. The study revealed that the YMCA, assessed its environment and promptly enacted several cost saving measures, coupled with strategic investments in education, childcare, personal training, senior wellness and youth employment.

In summary, the YMCA renewed its mission focus, efficiently allocated its resources and operated with integrity. The YMCA kept its promises to clients and creditors; ultimately strengthening its reputation.

AUTOBIOGRAPHICAL STATEMENT

Latitia McCree has been managing nonprofit organizations and youth development programs in Detroit for over 24 years. She is committed to leveraging resources that increase the capacity of nonprofit community organizations to improve our world. She with the support of numerous community partners has raised millions of dollars in services to support metro Detroit youth. Her programs have helped hundreds of Detroit youth, successfully graduate high school, attain post secondary training and become productive employees or entrepreneurs.

She has received several honors for her service, 2001 Wayne State University Journalism Department Alumni of the Year Award, 2002 Eureka Fellow, 2002 Youth Development Commission Leonard Smith Award, 2004 Youth Development Commission Champion of Youth Award, 2004 Wayne State University Professional Graduate Scholarship, 2006 Michigan Association of Community Arts Agencies Fellow, 2006 Michigan America’s Promise Red Wagon Award, 2014 YMCA of Metropolitan Detroit Sergeant Award, and 2014 Michigan Chronicle Women of Excellence Award.

Latitia McCree’s greatest joy is supporting people as they discover and fulfill their life’s purpose.