

Next Steps along the Path of Uncertainty

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The last two months of economic announcements in the financial sector have caused a great deal of uncertainty across our country, especially for retirees, those nearing retirement and America's not-for-profit organizations. The loss of stock values from a DJIA 2007 high of 14,164 to an October 10th DJIA close of 8,451 cannot go unnoticed. The S&P 500 average has also shown significant declines from its record high close just a year ago of 1,565.15 to the October 10th 2008 close of 899.22.

As our clients and friends throughout the country deal with these issues, my colleagues and I wanted each of you to keep the following ideas and perspectives in mind when making decisions and/or developing a course of action:

- The uncertainty will continue for an unspecified time. You will see and hear predictions of when it will all end and they will be just predictions. The coming national election will close some speculation, and a new Congress will join a new administration to tackle the problems in the financial markets. Certainty will come with time – but when it will come is still an unknown.
- Know the facts and refrain from speculation:
 - Since the first of the year, 15 banks have failed in the United States. There are 8,500 banks throughout the country.
 - Since World War II, there have been 16 recessions and 16 recoveries. If we are in number 17 – a 17th recovery will come.
 - In 1974, the DJIA lost 46% of its value. One year from that low point, the DJIA was up 49%. In 1987, the DJIA lost 41% of its value. One year from the 1987 low point the DJIA was up 31%. Over the 15 times since 1957 that the Dow has lost more than 15% of its value, the average gain the following year has been 33.86%.
- Do not lose the courage of your convictions. If your case for support is worth fighting for – fight for it. Not-for-profit organizations provide essential services to too many people throughout our land to just sit back and not advocate for continued support.
- Resist your natural instincts to pull back your fundraising efforts. Now more than ever, you need to speak clearly and concisely about the community need your organization addresses. Be bold. Be realistic. If you need to extend pledge payments for significant donors, of course do that. But do not refrain from advocating for your case or asking for contributions.

- Over the last several weeks, our clients have received several gifts of \$500,000 and \$250,000 – and of course many at lower levels. People are still being generous. Preparation and asking are two key components here. Take the time to prepare donors for the “ask” and then be sure to ask.
- Unemployment has reached just over 6% and may continue to rise; but that means that 93% plus are still employed in quality jobs across America. Focus your energy on those who are still working.
- Stay close to your current donors. Every article on philanthropy in recent weeks has emphasized this important strategy. If you do not communicate one on one with your most important donors – someone else in another organization will surely have that conversation with them.
- This is a chance to ride the wave of recovery. Be ready to position your organization to lead the way, because the recovery will come. Be ready for it.
- Leadership during this time is crucial – and leaders don’t whine. The problems are apparent, so focus on the solutions and adapt those solutions to the dynamic market place.
- Above all, acknowledge people’s concerns – they are very real. With that, also acknowledge their involvement and dedication to the work of your organization. Together your partnership with your donors has and will enable quality things to get accomplished. Together, the future looks brighter.

Our firm stands ready to offer our expertise, experience and “can do” approach to serving our clients. I hope these few thoughts and ideas will be beneficial to you and your board and staff leaders as you guide your organization along this current “path of uncertainty.”