

# Respond to the Moment with Clarity

A TOOLKIT FOR STRATEGIC CONVERSATIONS



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## INTRODUCTION

“Between stimulus and response there is a space.  
In that space is our power to choose our response.  
In our response lies our growth and our freedom.”

– Viktor E. Frankl

There’s a difference between responding and reacting. Reactions are instinctual—Someone throws an object at you, you duck, swat, or catch it without thinking. Responses, on the other hand, are considered. They are choices rooted in reasons. And they benefit from meaningful conversations.

**We hope this toolkit helps nonprofit staff and Board leaders have structured and meaningful conversations so they can respond, rather than react, to disruptions in their environment—so they can choose how to best deliver on their core commitments to their community and mission, build resilience, and even grow stronger.**

We’ve made this toolkit free, but feel free to [drop us a line](#) if you want a facilitator or information to help guide these discussions. We’re here to help.

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**Fio Partners, LLC** is a consultancy for nonprofits, foundations, government agencies, and collaboratives. Our name is Latin for “become.” In all our work, we promote inclusive and informed decision-making. We support leaders through strategic planning, strategic alliances, research and evaluation, board and organizational development, executive transition and search, and training. [Learn more at \*\*fiopartners.com\*\*.](#)

## GUT CHECK ON YOUR ORGANIZATION'S OVERALL CONDITION

Financial Position			
Last year, did you operate at a loss (weak), breakeven (moderate), or surplus (strong)?	<input type="checkbox"/> Weak	<input type="checkbox"/> Moderate	<input type="checkbox"/> Strong
This year, are you operating at a loss (weak), breakeven (moderate), or surplus (strong)?	<input type="checkbox"/> Weak	<input type="checkbox"/> Moderate	<input type="checkbox"/> Strong
Risk to major current funding sources	<input type="checkbox"/> Low	<input type="checkbox"/> Medium	<input type="checkbox"/> High
Financial runway: Est. months of operating reserves			
Notes:			

Market Position			
Program demand	<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Growing
Service quality compared to alternative providers	<input type="checkbox"/> Low	<input type="checkbox"/> Medium	<input type="checkbox"/> High
Number of alternative providers	<input type="checkbox"/> Low	<input type="checkbox"/> Medium	<input type="checkbox"/> High
Level of investment needed to complete in the market	<input type="checkbox"/> Low	<input type="checkbox"/> Medium	<input type="checkbox"/> High
Notes:			

External Environment			
Level of disruption to your operating environment (e.g., policies and regulations that govern your work)	<input type="checkbox"/> Low	<input type="checkbox"/> Medium	<input type="checkbox"/> High
Level of risk to services created by the disruption	<input type="checkbox"/> Low	<input type="checkbox"/> Medium	<input type="checkbox"/> High
Notes:			

Summary Notes	
What are your most important areas of stability and strength?	
Where are you most vulnerable, at risk, or concerned?	

## A CLOSER LOOK AT YOUR EXTERNAL CONDITIONS

Nonprofits do not exist in isolation. They are shaped by their community, stakeholder priorities and motivations, funding landscape, competitors and partners, regulatory requirements, public policies, the economy, technology and social trends, and myriad other contexts and conditions. *These external forces or conditions influence an organization's possible futures.*

	<b>Name any relevant external conditions that have changed.</b> (Think locally and nationally.)	<b>What are the real or potential impacts of these changes for your organization and its partners?</b>
<b>Programs</b>		
<b>Funding</b>		
<b>Community Relationships &amp; Perceptions</b>		
<b>Operations</b>		
<b>Human Capital</b> (Staff, Board, Volunteers)		

What changes present the biggest challenge to your mission and work?

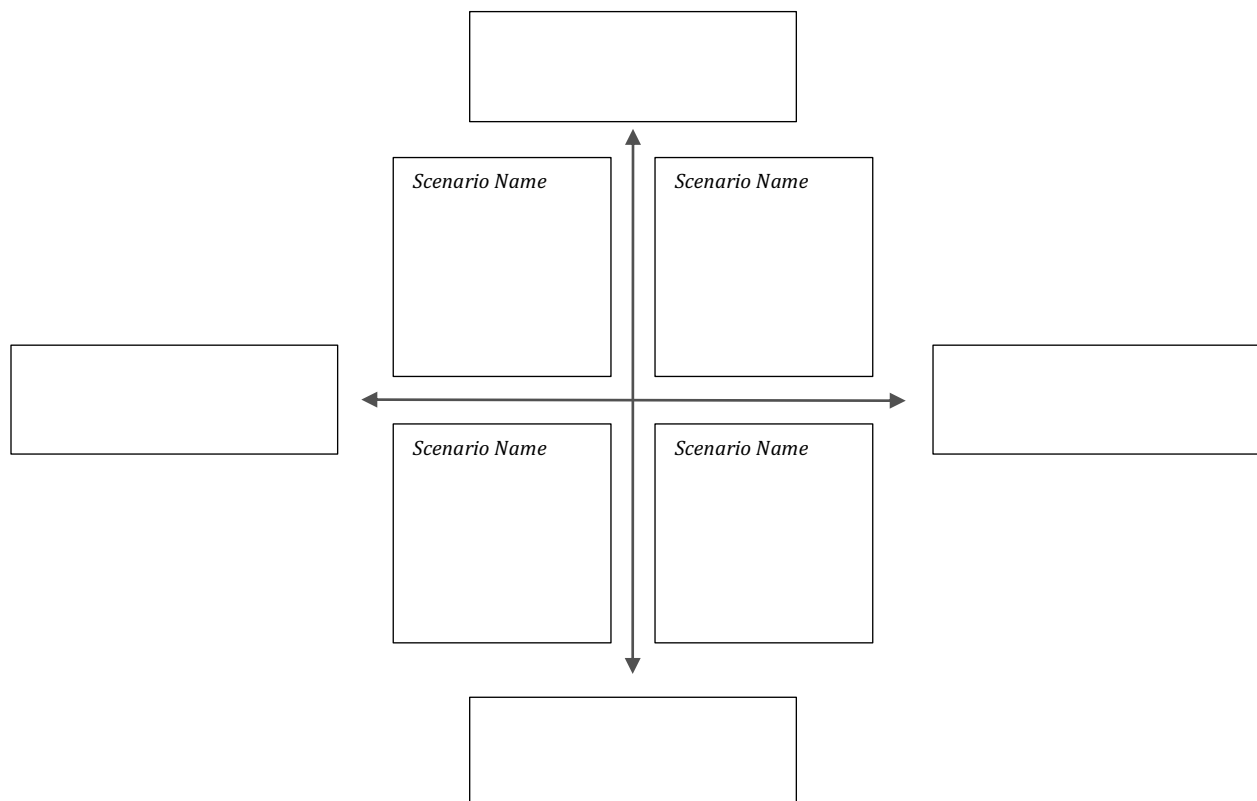
Do any of the changes present opportunities for your organization to pursue independently or in partnership with others?

## SCENARIO THINKING

Experiment with how the external conditions or forces (challenging and helpful) you identified might converge and what the implications might be for your organization.

- Ideate and iterate. Start with broader forces, then get more specific. Explore different combinations or intersections of forces.
- Place one force on each axis, spanning two ways the force might play out. (Examples: Government funding is cut / remains stable; program demand increases / decreases; key legislation passes / fails; willingness to collaborate is high / low)
- Also note the time horizon involved (3 months, 6 months, 1 year).
- Determine which scenarios represent the most uncertainty, risk, or opportunity for the mission and the organization's sustainability. Explore the implications using the table on the next page.

Force 1	Force 2	Time Horizon
		<input type="radio"/> 3 months <input type="radio"/> 1 year <input type="radio"/> 6 months <input type="radio"/>



**Remember, this is a thought exercise, not a deciding exercise. Ask yourself:** What is the story that emerges in each scenario quadrant? What does that future look like? How will these conditions affect your organization? Broadly, how would your organization respond to these conditions? (Look for “no matter what” strategies that emerge across the four scenarios.)

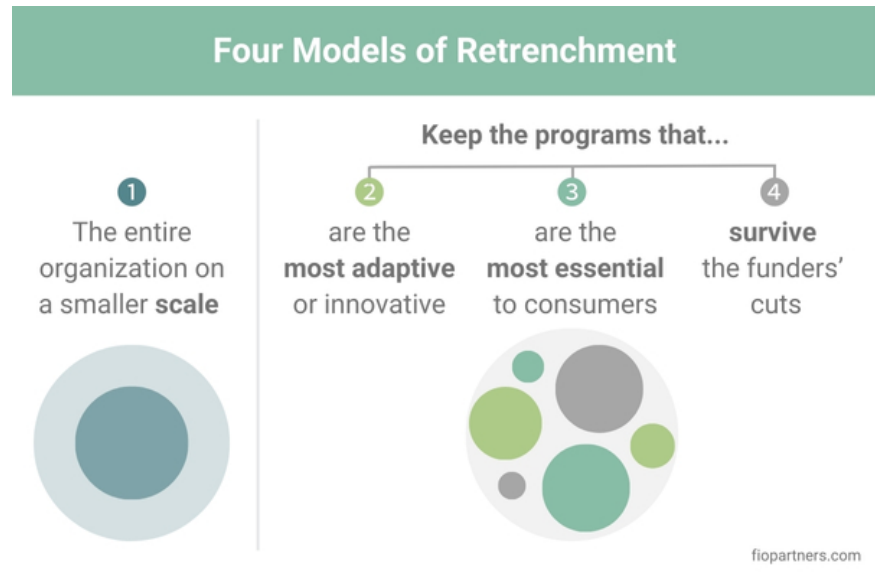
<b>Scenario Name</b>			
<b>Forces at Play</b>			
<b>Story – What does this future look like?</b>			
<b>Implications – How will this scenario affect your organization's:</b>			
Finances			
Programs			
Operations			
Relationships			
<b>Potential Strategies or Actions</b>	<b>Short-Term</b>	<b>Long-Term</b>	<b>Resources Needed</b>
<b>Other Notes</b>			

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## FOCUSING AND RIGHT-SIZING YOUR PROGRAM STRATEGY

Retrenchment scenarios explore **whether and how an organization can shrink and re-organize** to remain viable.

Considering the volatile funding environment, it is prudent for organizations to 1) develop retrenchment scenarios that address potential funding cuts while safeguarding their mission, and 2) identify the most impactful and fundable programs to grow or add in the coming years.



Even if you are in good financial shape, **the retrenchment thought exercise can help you:**

- Determine which issues are worth fighting for or most central to your mission
- Highlight your unique offerings (differentiation)
- Identify staff competencies to protect and emphasize
- Brainstorm program consolidation, combination, and re-invention ideas
- Identify the resources needed to support the core.

As you consider how you might shrink, also keep in mind the following **issues in deciding what's left:**

- Economics of service delivery at reduced budgetary levels
- Politics of reduced levels of service
- Relationships with other organizations
- Emerging areas of high impact/potential
- Historic mission of the agency.

**Ask yourself:** What is your organization best at? What is most essential to fulfilling its mission? What could change? What can it let go of?

- **Consider stopping** any programs with lower mission impact, demand, or competitiveness. Sunsetting responsibly can free up staff capacity to grow higher-impact, in-demand programs.
- **Consider investing** in programs that, with a little more resources and capacity building, could yield both high impact and financial benefit.
- **Consider right-sizing** any programs that are very important to your organization's mission and community identity that should be sustained but may need to be downsized (at least for now).

Your new core programming should sit at the intersection of your mission, your strongest competencies, and available resources. ***Use the table on the text page to support this exploration.***

## IDENTIFYING YOUR ORGANIZATION'S CORE

<p><b>List your programs.</b></p> <p>If you have many programs, list the types of programs you offer.</p>	
<p>What <b>community needs</b> are most central to your organization's mission?</p>	
<p>What are the strongest <b>staff competencies</b>?</p>	
<p><b>Reputation:</b> What are you best known for and positioned to do in the community?</p>	
<p><b>Market position:</b> Which type of or particular program(s) are:</p>	
<p>Most mission-essential</p>	
<p>Most unique</p>	
<p>Most likely to survive funding cuts</p>	
<p>Most likely to see growing demand</p>	
<p><i>Notes on Market Position</i></p>	



## PROGRAM ASSESSMENT AND ACTION PLANNING

<b>Program Name</b>			
<b>Program Strategy</b>	<input type="checkbox"/> Stop	<input type="checkbox"/> Right-Size	<input type="checkbox"/> Invest
<b>Explanation</b>			
<b>Actions to Take</b>	<b>Program Adjustments</b>	<b>Resources</b>	<b>Relationships</b>
<b>Now</b> (ASAP or no matter what)			
<b>Mid-Term</b> (Transition period)			
<b>Long-Term</b> (Sustainability and growth)			
<b>Board's Role</b> in supporting this effort			

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