

Strategic Actions Nonprofit Leadership Can Take

In today's rapidly evolving landscape, nonprofit leadership must take strategic actions to navigate increasing donor expectations, regulatory requirements, and operational challenges while advancing their mission and maintaining stakeholder confidence. Use this checklist to guide your organization toward greater efficiency, transparency, and audit readiness.

Conduct a Scenario-Based Financial Risk Assessment

Model revenue shocks: Build contingency scenarios around federal grant reductions, delayed reimbursements, and loss of program-specific funding.

Assess liquidity: Evaluate cash on hand, operating reserves, access to lines of credit, and net assets without donor restrictions.

Prioritize essential services: Identify mission-critical activities and those at highest risk from federal policy changes.

Engage the Board in Adaptive Governance

Communicate early and clearly: Provide the board with regular briefings on funding risks, policy changes, and financial health.

Revisit strategic priorities: Adjust strategic plans to reflect the changing external environment.

Encourage board advocacy: Leverage board members' networks to raise awareness and advocate for key programs.

Strengthen Federal Grants Compliance and Monitoring

Review grant agreements for new terms: Scrutinize contracts for updated language related to allowable costs, equity clauses, or administrative requirements.

Track executive orders and agency guidance: Ensure grant managers stay informed on changes from federal agencies and departments.

Document expenditures rigorously: Prepare for increased scrutiny or clawbacks from federal audits.

Strengthen Policies and Procedures around grant compliance to ensure a strong system of internal control.

Activate Advocacy and Public Policy Engagement

Join sector coalitions: Organizations like the National Council of Nonprofits, Independent Sector, and Council on Foundations can amplify your voice on Capitol Hill.

Educate lawmakers: Share how proposed cuts will directly affect constituents and services in their districts.

Support sector litigation where appropriate: Legal coalitions have successfully challenged grant freezes and executive restrictions.

Invest in Stakeholder Communications

Update donors and partners: Communicate clearly about funding threats and the nonprofit's plans to sustain impact.

Demonstrate fiscal responsibility: Transparency builds trust—highlight how funds are being managed effectively in uncertain times.

Reinforce your value proposition: Now more than ever, donors want to know why your organization matters.

Plan for Donor Behavior Shifts

Reframe messaging: Stress the urgent need for private support amid public sector contraction.

Offer planned giving options: Older donors may want to make a long-term impact in uncertain times.

Use data to retain donors: Identify giving trends and personalize appeals.

Optimize Operations and Staffing

Cross-train key staff: Build resilience against workforce disruption and federal hiring freezes that affect interagency collaboration.

Focus on program efficiency: Eliminate underperforming or unsustainable activities to focus on what works.

Embrace technology and automation: Streamline processes like reporting, donor management, and grant compliance.