

# How a Board of Directors Should Respond to a Crisis

8 min read



When most nonprofit missions are focused on dealing with crises that are occurring every moment of every day, nonprofit leaders can easily lose sight of crisis response planning and strategic crisis management for the potential crises that could occur in the future.

## Key Takeaways

- **The Role and Responsibility of an NFP Board of Directors During a Crisis:** In a nonprofit, the board of directors' overall role and responsibility is that of high-level oversight, and this includes the oversight of...
- **5 Nonprofit Best Practices for Crisis Management:** A countless number of situations and events can be considered potential crises that could impact a nonprofit. These include

events such as economic stress, geopolitical concerns, pandemics...

- **5 Actions You Can Take Now to Mitigate the Impact of a Nonprofit Crisis:** Organizations that are well-run and have clearly defined operational guidelines in place on a day-to-day basis will fare better in emergency situations...

These kinds of crises and emergencies have the potential to harm nonprofit organizations, hindering operations and limiting their potential for positive impact.

## **The Role and Responsibility of an NFP Board of Directors During a Crisis**

In a nonprofit, the board of directors' overall role and responsibility is that of high-level oversight, and this includes the oversight of crisis preparation and management. A nonprofit's board of directors is responsible for the creation, organization, and implementation of crisis response and risk management plans. Before and during a crisis, it's the responsibility of the board to take actions intended to safeguard an NPO's viability, operations, resilience, financial health, and reputation.

## **5 Nonprofit Best Practices for Crisis Management**

In order to strategically respond to crises, it's essential that a board of directors implements a crisis management plan. When doing so, the board's members should consider the following crisis management best practices.

### **1. Perform Routine Risk Assessments**

A countless number of situations and events can be considered potential crises that could impact a nonprofit. These include events such as economic stress, geopolitical concerns, pandemics, cyber attacks, internal fraud, natural disasters, or problems affecting any of the organization's constituents.

The board of directors should actively and routinely perform risk assessments. These assessments should be used to identify the different types of crises that could impact the nonprofit organization while also considering the potential severity, scope, and extent of the potential impact of such crises.

### **2. Anticipate the Unpredictable**

According to research from the National Association of Corporate Directors, nearly 50% of board members believed that focusing on known risks prevented them from preparing for unpredictable threats, and less than 20% were confident they were prepared to handle unforeseen risks [1].

With these statistics in mind, it's important to remember that, while it's important to be prepared to manage foreseeable crises, it's also essential that you do your best to anticipate and prepare for the unpredictable.

Of course, it can be difficult to prepare specifically for unknown, unimaginable events. However, you can create frameworks for crisis response management that provide a dynamic model to support crisis management in any situation.

**Read More:** [What Nonprofit Board Members Should Know About Nonprofit Accounting](#)

### **3. Focus on an NPO Decision-Making Framework**

During any type of crisis – including unpredictable crises – the [ability to make decisions](#) and take action quickly is essential to management and survival. If your organization's decisions making process is slow or unclear, then this is going to have a negative impact on your ability to navigate a crisis successfully. You need to have a working model for decision-making in action now so that the organization's stakeholders are able to act quickly and decisively when it's vital to do so.

### **4. Develop a Nonprofit Crisis Response Model**

Your quick decision-making framework should be a part of a larger crisis response model. While it's possible to create play-by-play response models for foreseeable events, it's not possible to do this type of planning for unforeseeable crises. So, this model should clearly define the roles and responsibilities of individual constituents within the board, crisis response committees, or the organization as a whole. It should also be elastic enough to be modified in response to the demands of surviving unforeseeable events.

When developing a crisis response model, consider the following questions:

- Why are you creating the plan?
- What are the plan's objectives?
- What would happen if you did not have this plan in place? (From what consequences is the plan intended to protect the organization?)
- What is the plan? (Define protocols around stakeholders' roles and responsibilities.)
- Who is involved in and responsible for carrying out the plan?
- What type of events or crises will trigger the deployment of this plan?

### **5. Designate Spokespersons and Clear Lines of Communication**

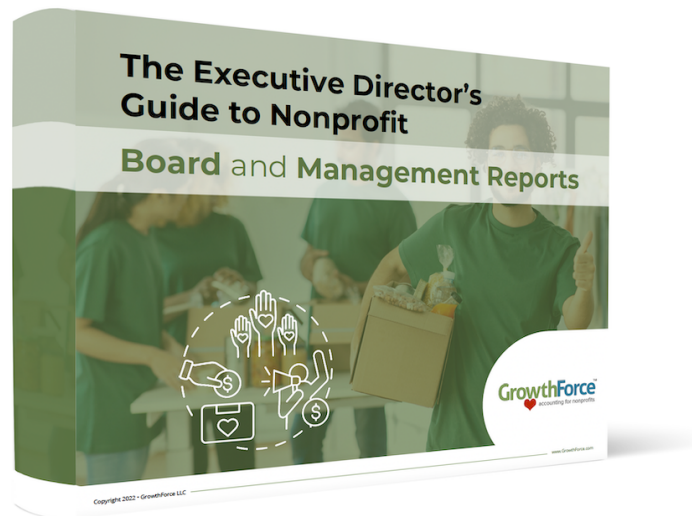
During times of crisis, you'll need to act quickly. So, you should already have designated internal and external spokespersons in place as a part of your crisis management plan.

The time crunch also often means that there won't be time to call in-person meetings of the board of directors, stakeholders, and constituents. Instead, you'll need to designate ways that you'll be able to meet and communicate rapidly, frequently, and clearly with everyone involved.

For some organizations, this type of communication could take place through phone calls, emails, text messages, or other forms of messaging. Others might prefer to speak in person or virtually through a platform like Zoom or Google Meet.

However you plan to communicate during a crisis, it's important that you know the communication platform functions before you actually have to use it during an emergency. This means you should regularly use the platform of communication during routine meetings or schedule mandatory test runs to ensure everyone essential to crisis management has functioning communication technology and feels comfortable using it.

### **Start Running Your Nonprofit Like a For-Profit**



[The TOP 7 Management And Board Reports A Nonprofit Should Be Looking At! This guide will help you understand what each report and KPI does, who should get it, and why it's important.](#)

# 5 Actions You Can Take Now to Mitigate the Impact of a Nonprofit Crisis

Organizations that are well-run and have clearly defined operational guidelines in place on a day-to-day basis will fare better in emergency situations. In addition to creating a crisis response plan, the following are some actions you can take now to better prepare your organization for a crisis while also improving daily operations:

## 1. Align Everyone Around a Common Goal

When everyone understands the [organization's](#) mission and is aligned around common goals, there won't be any debate during a crisis as to what the purpose of the crisis management plan should be.

Take some time to revisit your mission statement and ensure that your daily operations, policies, procedures, benchmark goals, long-term goals, and crisis management plan are all mission-focused and aligned with your nonprofit's core values.

## 2. Schedule Time for Crisis Management Planning

Nonprofits not only run on tight budgets, but their board members, leaders, stakeholders, and constituents are also often operating on tight schedules. While your nonprofit will always have a seemingly endless to-do list that needs completing, it's important that you make time for crisis management planning.

Build crisis management into your meeting agenda by scheduling an appropriate amount of time for it. In your organization, this might look like carrying out an annual risk assessment the way that you schedule an annual budget meeting.

The amount of time you spend on crisis management can fluctuate throughout the year, too. Depending on the economic climate and other potential risks that you anticipate or are already dealing with, you might schedule more time during regular meetings to discuss the impact and the success or failure of your response measures.

Read More: [Why Business Leaders Should Serve on a Nonprofit Board](#)

## 3. Overhaul Your Decision-Making Process

If you're operating with a complicated and slow decision-making process, then you're holding your nonprofit back in a lot of ways – including its ability to respond during a crisis.

You can help to streamline the decision-making process by reducing the number of people or committees a decision needs to be presented to before action can be taken. You should also be using technology to improve collaboration and decision-making processes. Additionally, build the discussion of decisions into your regular meeting agenda, so that decisions can be made on schedule.

#### **4. Implement Easy Communication Channels**

As mentioned above, you'll need easy, reliable, and convenient ways to communicate during a crisis. Put these into use now, on a regular, daily basis so that, in the event an emergency occurs, you'll already be accustomed to communicating and meeting in a variety of ways.

#### **5. Create a Crisis Management Fund**

One of the primary reasons why emergencies and crises are a problem for all kinds of businesses is the cost. Crises typically not only result in reduced revenue but also increased expenses. If your organization does not have a fund set aside for a rainy day, emergency, or crisis, then it's time to build one into your budget to ensure your organization remains financially healthy through any storm.

## **The Board of Directors Before, During, and After a Nonprofit Crisis**

It's the role and responsibility of a nonprofit's board to prepare for a crisis before one occurs, help navigate the organization during a crisis, and to assess the response and strengthen the nonprofit after a crisis has occurred.

In every respect to risk management and crisis planning, the role of a nonprofit's board is vital. Putting these best practices and actions into place now can help you ensure your nonprofit and its important mission stay strong throughout any type of adversity.

[1] <https://hbr.org/2019/06/what-boards-can-do-to-prepare-for-crises>