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NONPROFIT WORLD

Society for Nonprofit Organizations' 20th Anniversary 1983-2003

The National Nonprofit Leadership and Management Journal

Volume 21, Number 2 | March/April 2003

MAKING THE MAIL WORK (BETTER) FOR YOU

Plus:

Partnering: Your Strategy for Keeping Meeting Costs Down and Quality Up

Training Programs Need More than Good Information

Proceed with Passion

Secrets of Sustaining

Increase Your Gifts with Moves Management

Building a Board with a Passion for Mission

How to Hire the Right Person the First Time

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NONPROFIT WORLD

Editor Jill Muehrcke

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NONPROFIT ORGANIZATIONS

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Purpose

The Society for Nonprofit Organizations is a 501 (c) (3) nonprofit organization. Through *Nonprofit World* and other communications with its members, the Society is dedicated to bringing together those who serve the nonprofit world in order to build a strong network of professionals throughout the country.

This logo symbolizes the goal of the Society, which is to unify diverse segments of the nonprofit world, to draw them together, and to create a dynamic whole without losing their individuality.

on the cover

Heifer International (www.heifer.org) uses direct mail to raise funds for its community development, ecotourism, and sheep management programs in Peru. Photos such as this one of a Peruvian youth who will benefit from these projects help the organization connect emotionally with donors. For tips on making direct mail work for you, see page 17.

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Unsolicited manuscripts and letters to the editor are welcomed. They should be addressed to Jill Muehrcke, Editor, *Nonprofit World*, P.O. Box 45346, Madison, WI 53744-5346 or muehrcke@core.com.

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EDITOR'S *page*

Proceed with Passion

No one goes far without passion for what they do, and the same is true for organizations. Every successful organization is driven by a collective purpose that stems from passion. Effective nonprofit leaders spread that excitement wherever they go, as Richard Chang notes in *The Passion Plan at Work* (see "Test Your Passion" on page 31).

If your organization isn't all it could be or if it needs a change, start with passion. How passionately do you believe in your mission? Remember, the Greek root of the word *believe* means "to give your heart to." When you believe in your mission, you feel it at a molecular level. It is part of you. You can't help but pass it on to others.

Your passion will help build staff morale and facilitate change. People fear pain, not change, as Hank Karp so astutely puts it (see "Eight Assumptions of Productive Change" on page 31). People actually tend to resist the opposite of change, which is boredom. A passionate organization is in constant flux, and people are invigorated, not demoralized, by the environment of continual change.

To create such a culture, communicate your passion to your staff and board. Be sure the people you recruit share that passion. (See "How to Hire the Right Person the First Time" on page 9 and "Building a Board with a Passion for Mission" on page 27.)

Chang defines passion as the underlying force that fuels our strongest emotions. Don't just tell people about your organization–add drama and emotion. Motivate and inspire.

Do you hover on the brink of greatness?

The same holds true for direct-mail fundraising, as Eleanor Cicerchi reminds us in "Making the Mail Work (Better) for You" (page 17). The secret to success, she says, is to connect with the reader viscerally. Don't be afraid to speak directly from and to the heart.

Training is another way to kindle passion. An environment of education and discovery may be the best way to keep passion alive throughout your organization. Keys to creating such a climate are outlined in "Training Programs Need More than Good Information" (page 26).

Passion will build support for your organization in amazing ways. People are drawn to passion. Partnering relationships will blossom as others gravitate to you, as Ed Rigsbee makes clear in "Partnering: Your Strategy for Keeping Meeting Costs Down and Quality Up" (page 23). His insights stretch far beyond meetings. The partnering philosophy he describes will create an almost mystical synergy, leading to other alliances and spreading your passion farther than you ever imagined.

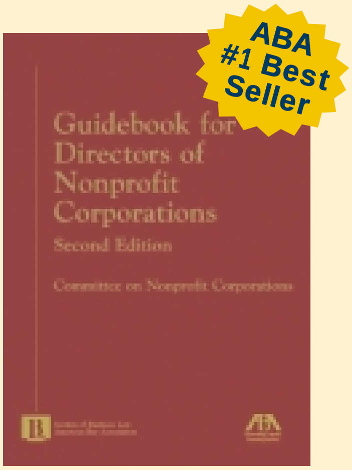
Does your organization lack that synergy, that touch of magic? Does it hover on the brink of greatness, never quite meeting its potential? If so, let passion be the force that propels you up and over that edge. Look inside, and follow where your deepest feelings lead. Do your heart's bidding. Others will soon surround and follow you. ■

Jill Muehrcke

Jill Muehrcke
Editor, *Nonprofit World*

www.ababooks.org

What Every Nonprofit Director and Manager Should Know about Effective Governance for Nonprofits



Nonprofit Governance Library

Just Published

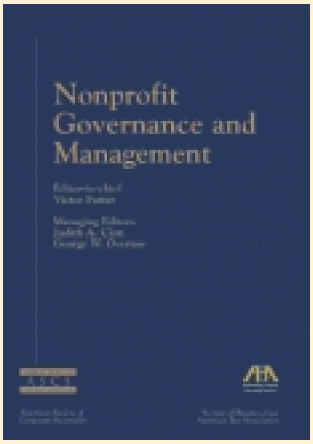
2002 7 x 10 Paperback Product Code: 5070392P
$99.95 (1-9 copies); $89.95 (10 - 25 copies)

This *Library*, including three publications, *Guidebook for the Directors of Nonprofit Corporations, Second Edition*; *Nonprofit Governance and Management*; *Nonprofit Resources: A Companion to Nonprofit Governance*, offers legal guidance on directors' duties, rights, risks and obligations; practical how-to-commentary; sample forms and letters; handy checklists; and pointers for both nonprofit directors and staff. Also, the third title in this *Library* is a reference listing books, handbooks, professional journals, government publications, foundation reports, case and statutory citations, and Internet sites related to nonprofit governance. The Three publication titles within the *Library* are described as:

1) Guidebook for Directors of Nonprofit Corporations, Second Edition

By the Committee on Nonprofit Corporations, ABA Section of Business Law
2002 280 pages 7 x 10 Paperback

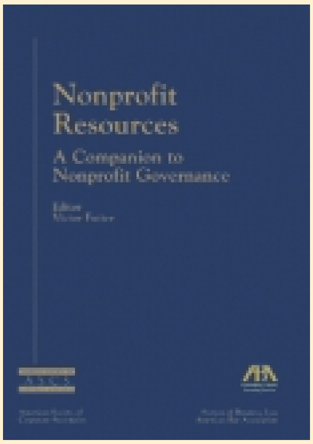
A new edition of the ABA's most popular title, this accessible guidebook is designed for directors and prospective directors of all types of nonprofit corporations. The Guidebook, written in plain-English commentary, addresses general legal principles and corporate governance issues to provide nonprofit directors with a comprehensive understanding of their roles. The new Second Edition adds full-length chapters covering today's changed political and legal environment for nonprofits; tax ramifications of profit and joint ventures; employee relationships, laws, and policies; duties of directors in special circumstances such as change-of-control events and bankruptcy.



2) Nonprofit Governance and Management

Edited by Victor Futter, Judith A. Cion and George V. Overton
2002 744 pages 7 x 10 Paperback

This updated edition of *Nonprofit Governance-The Executive's Guide* expands the scope of its popular predecessor to address issues relevant to both directors and managers of nonprofits. Drawing on the expertise of nonprofit executives, directors, lawyers, and other professionals experienced in organization and management, this new edition offers step-by-step guidelines, sample forms and letters, handy check-lists and pointers to additional resources. Topics include accounting, board and committee operations, grant writing, Internet laws, liability, membership, mission statements, state regulations, and much more.



3) Nonprofit Resources: A Companion to Nonprofit Governance

Edited by Victor Futter
2002 80 pages 7 x 10 Paperback

A reference containing hundreds of helpful up-to-date listings of books, handbooks, professional journals, government publications, foundation reports, case and statutory cites, and Internet sites.

Each entry includes complete bibliographic details to guide you straight to the information you need. Entries are arranged by topic for quick, convenient look-up. Topical coverage includes accounting, charity, directors, effective boards, fiduciary duties, governance, health care, hospitals, information flow, lobbying, membership associations, nominating committee, orientation, private foundations, records retention, and more!

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Defending Liberty
Pursuing Justice

Secrets of Sustaining

There's no magic to a monthly giving program. Here are tips for success.

Q: What's the best way to launch a monthly giving (sustainer) program? And how do we keep these sustainers once we recruit them?

A: First, choose a name for your monthly giving club. Many organizations simply call the club "Pledge Partners" or "Sustaining Members." Others create a name that reflects the organization's mission–a better choice, in my view.

Next, design special letterhead, envelopes, and statements for the program. This adds to the program's "special membership club" feeling.

At Mal Warwick & Associates, we usually recommend recruiting sustainers on the telephone. Often, we'll suggest a lead letter before going on the phone. This letter consistently results in less than 1% opting to join the sustainer program. But once on the phones, anywhere from 10-15% of those contacted will join.

Be sure to select prospects carefully. We've seen success with donors who've just made their first gift—as well as with ongoing donors who have given many gifts. We recommend limiting prospects to donors whose highest-ever gift is $10 to $99.

The secret to retaining sustainers is to recruit as many as possible on electronic funds transfer (EFT). If you choose to accept monthly checks, ask the check writers every month to convert to EFT–or even to credit card. Studies indicate that attrition rates are much, much lower for those who make monthly gifts via EFT. You'll lose up to 35% of check writers and 25% of credit card users each year—but only 5-15% of those who use EFT.

There are two more reasons to promote EFT over credit card and check users. It costs money to mail monthly statements, and credit card companies keep up to 3% of each donation.

We encourage every organization launching a sustainer program to outsource its monthly EFT and credit card processing to a company that specializes in this service. It's just not worth the time and frustration of doing it in-house. Vendors tend to make fewer mistakes, have fewer modem crashes, and process on the same day every month regardless of staff illness or vacation.

In addition to promoting EFT, you can improve retention through cultivation activities. Cultivate sustainers the same way you cultivate relationships with your major donors: A quarterly letter from the executive director, accompanied by an informational insert or small token gift (lapel pin or bookmark, for instance) will suffice.

Susie Fought, Sr. Consultant
Mal Warwick & Associates
2550 9th Street
Berkeley, California 94710-2516
www.malwarwick.com

For more fundraising secrets, see Mal Warwick's Newsletter: Successful Direct Mail, Telephone & Online Fundraising, *from which this article is adapted. Contact Mal Warwick at the above address or call 800-217-7377. Also see articles on EFT in* Fundraising and Resource Development Leadership Series, *available from the Society's Resource Center, www.snpo.org* ■

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When Is It Unreasonable to Accommodate a Disability?

The Americans with Disabilities Act (ADA) requires an employer with 15 or more employees to provide "reasonable accommodation" for individuals with disabilities, unless doing so would cause the employer "undue hardship." For the first time, the Supreme Court has addressed the meaning of these vague and confusing terms.

In its decision (*U.S. Airways v. Barnett*, No. 00-1250), the Court ruled against a disabled worker who wanted his employer to make an exception to its seniority system. It wasn't reasonable to require an employer to accommodate a disability by overriding its policy, the Court said. However, if a seniority system isn't uniformly followed and exceptions are made for other reasons, then the ruling might be in favor of the disabled worker, the Court emphasized.

Thus, this case highlights the importance of applying your organization's policies uniformly and fairly to all employees, without exception. For more information, contact npa@gandglaw.com. Also see "How to Accommodate Disabilities under ADA," *Nonprofit World*, Vol. 18, No. 5 (www.snpo.org).

Expect More IRS Audits

The IRS plans to audit more nonprofit organizations than it has in the past. Rather than focusing on the entire organization, each audit will examine specific problems, particularly the way the organization sets executive pay, reports fundraising costs, and handles vehicle-donation programs. For more information, see http:www.irs.gov/eo.

Should Nonprofit CEOs Certify Financials?

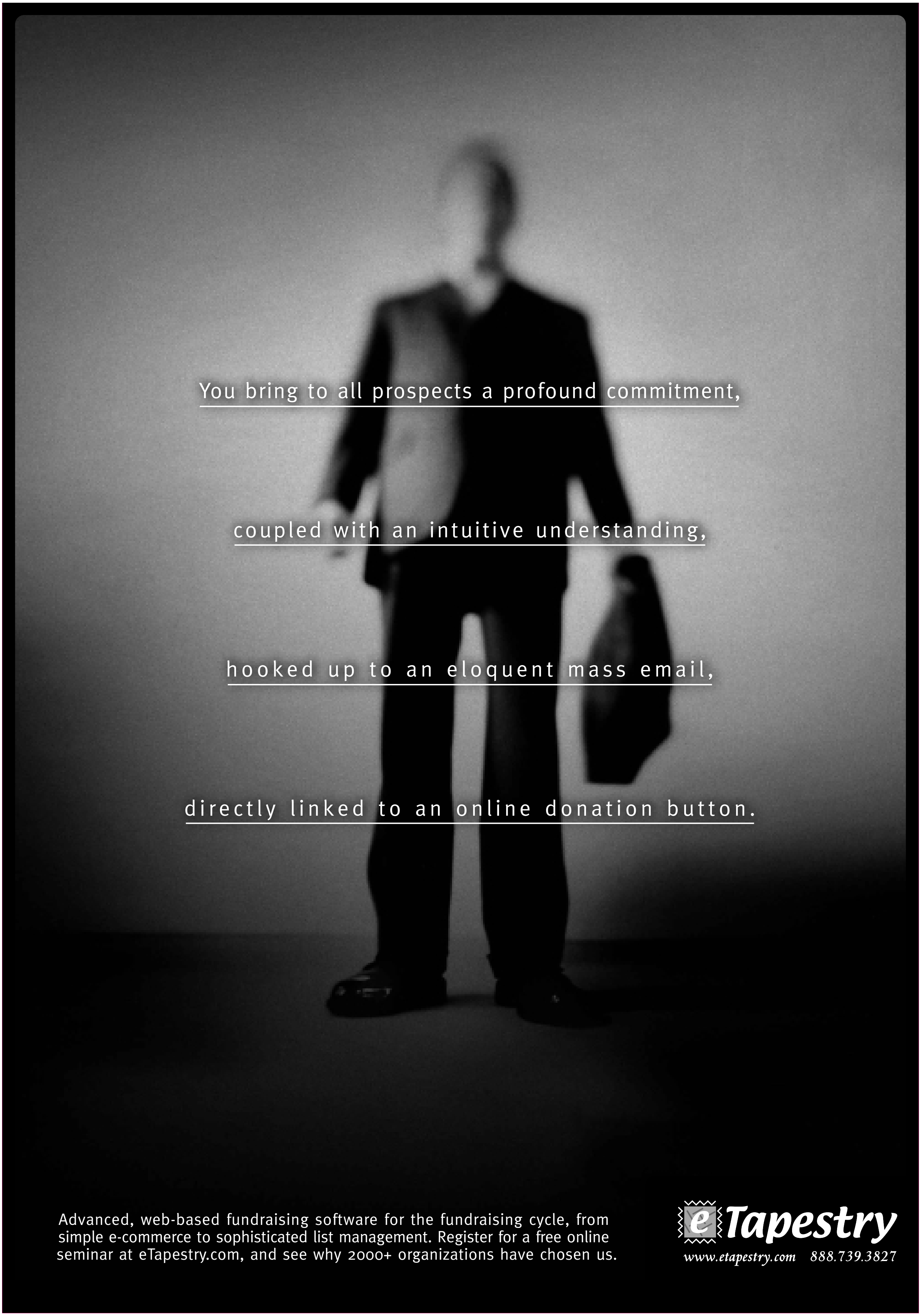
Nearly 90% of nonprofit representatives answered yes to the survey question, "Should nonprofit CEOs/Executive Directors provide financial certification similar to that required of CEOs in major corporations?" Only 14% responded "no" to the question.

"The poll results demonstrate that nonprofits want to be proactive in showing donors and volunteers that their organizations are ethical and financially sound," says Dr. Harry Gruber of Kintera, which conducted the survey. See www.kintera.com.

IRS Needn't Publicize Reasons for Rejecting Tax-Exempt Status

The IRS doesn't need to make public its reasons for denying or revoking a charity's tax-exemption, a judge has ruled. When the IRS decides to rescind a charity's tax-exemption, it publicizes the fact, so that donors will know their contributions to that organization are no longer deductible. But the IRS doesn't explain why it has rejected the charity's tax-exempt status.

The ruling by Washington, D.C., Federal District Judge Ricardo M. Urbina stems from a request for documents by Tax Analysts, a publisher of tax information based in Arlington, Virginia. Tax Analysts said that, under the Freedom of Information Act, the IRS needed to disclose its final opinions and interpretation of tax laws. The judge disagreed, citing privacy laws. For more information, see http://fdncenter.org.


You bring to all prospects a profound commitment,
coupled with an intuitive understanding,
hooked up to an eloquent mass email,
directly linked to an online donation button.
Advanced, web-based fundraising software for the fundraising cycle, from simple e-commerce to sophisticated list management. Register for a free online seminar at eTapestry.com, and see why 2000+ organizations have chosen us.
eTapestry
www.etapestry.com 888.739.3827

Increase Your Gifts with Moves Management

Ask the right questions to increase fundraising success.

BY RON MIRENDA

Successful gift solicitation comes down to "five Rs":
- Is the **Right Person** asking
- the **Right Prospect** for
- the **Right Gift** amount for
- the **Right Project** at
- the **Right Time**?

If these 5 Rs are part of your solicitation, you'll be successful most of the time. How do you ensure this happens? One of the best ways is with moves management.

How Moves Management Works

Let's assume you have a group of prospects for which you've identified the five Rs. In addition, you need the following tools:

A Fundraising Database Management System. This system can be as sophisticated as Blackbaud's Raiser's Edge or as simple as an Excel spreadsheet. As long as you can sort, update, and track data by a number of categories, you can create a moves management system that will work for you. If you're using an Excel spreadsheet, track only prospects who are ready to be solicited within the next three to six months. It's a good idea to track prospects on a 90-day cycle. If you haven't "moved" them within 90 days, you need to take them off your radar screen.

A Contact Report Form. This document is the key to managing moves with prospects. If you don't know what's happened and what's supposed to happen, by when, with each prospect, you can't move them effectively from one level of activity to another. (See sample contact report form.) On the form, include the following elements:

XYZ ORGANIZATION
CAPITAL CAMPAIGN
CONTACT REPORT FORM

NAME OF PROSPECT: ______________________________

DATE OF CONTACT: ______________________________

METHOD OF CONTACT: (in person, telephone, etc)______________

OTHERS INVOLVED: ______________________________

SUMMARY OF CONTACT: (key points)

SUGGESTED FOLLOW-UP/ACTION/NEXT STEPS: include person(s) responsible and due dates. Please be specific.

VOLUNTEER'S NAME: ______________________________
(please print)

PLEASE RETURN TO: Director of Development
XYZ Organization
P.O. Box 123
Denver, CO 80209

NOTES: Handwritten notes are perfectly acceptable to expedite reporting

If you haven't "moved" prospects within 90 days, you need to take them off your radar screen.

- **What** happened when you contacted the prospect?
- **What** is the next step with the prospect?
- **Who** is supposed to do it?
- And, most important of all, by **when**?

The most often-asked question is, "What do we report on?" The answer is, quite simply, any action that "moves" the prospect toward solicitation. That could include a phone call, a letter, or a meeting, whether planned or incidental. It doesn't include bumping into the prospect and saying, "We must get together to talk about the symphony." It does include inviting the prospect to lunch to meet the new executive director and discuss your organization's long-range plan.

The contact report, being the most important element of the system, is the most difficult to achieve. The most well intentioned human beings, whether development officers, CEOs, or volunteers, seem to have a natural aversion to documenting their fundraising activities. Someone, usually the development officer, has to be creative in getting this information.

Whoever is fulfilling this management function should provide the volunteers with an electronic version of the contact report so all they have to do is e-mail or fax it. The volunteers may need debriefing by phone or in person. The development officer should do whatever is necessary to get the critical information regarding what happens next with the prospect and when it's supposed to happen. Of course, the development professional must set the example and always file contact reports as soon as possible after an action with a prospect.

A Moves Management Report. This document is a report of all prospects who require an action to move toward solicitation. Set up the report so you can sort by prospect, rating, volunteer, staff person, last action, and date, to give an overview of what has and hasn't happened during the last activity period. This report will also act as a tickler to remind staff who needs to do what by when. You can download the report from your database management system. After a successful solicitation, the moves management system will then guide you through the stewardship process and possible future solicitation of the prospect in the next campaign.

Prospect Management Meetings. Staff and key volunteers meet regularly to monitor progress and initiate next steps. Staff might meet bi-weekly and get together with volunteers monthly. Such meetings give staff members a chance to talk to volunteers, arrange for them to call or visit prospects, and keep track of their progress.

Prospect Manager. This person reports to the chief development officer or campaign director and monitors the moves management process. The prospect manager will need to do the following:

- **Make sure** contact forms are filed.
- **Enter** information from contact forms into the moves management report.
- **Schedule** the prospect management meetings.
- **Lead** these meetings.
- **Have a good sense** of where a solicitation is in the development cycle, ensuring that people follow through with their responsibilities to make the system work.

Put It All Together

You now have the components of a dynamic, effective system to lead prospects to make that gift to your campaign. It's up to the development professional to see that it works. It will come as no surprise to anyone involved in fundraising that the professional may have to guide, direct, cajole, and even bribe staff and volunteers to get the system to work. It is, however, worth the effort. If you have correctly identified, screened, and rated your major prospect pool, the moves management system will maximize your gift potential and guide you to your goal. ■

Resources

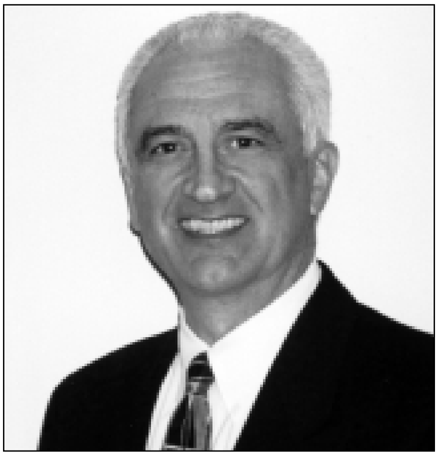
Costello, Tim & Bryan Lilly, "Improve Your Donor Base," *Nonprofit World*, Vol. 19, No. 6.

Edwards, Paul & Ernest Wood, "The Inner-Game Attitude of Major Gift Solicitation," *Nonprofit World*, Vol. 10, No. 2.

Muehrcke, Jill, ed., *Fundraising and Resource Development, Leadership Series.*

Reuther, Valerie, "Debunking the Myth of Bill Gates: Finding Major Donors," *Nonprofit World*, Vol. 16, No. 2.

These resources are available from the Society's Resource Center, www.snpo.org.



Ron Mirenda is the founder of Mirenda & Associates (360 S. Monroe St., Suite 270, Denver, Colorado 80209), a full-service fundraising consulting firm. See www.mirenda.com for additional fundraising strategies.

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How to Hire the Right Person the First Time

It's an important task, but the tools are simple.

BY BENNIE L. GARCIA, MALCOLM G. MEADOR, JR., & BRIAN KLEINER

The hiring process can be a powerful tool to cut costs, improve productivity, expand quickly, and avoid employee lawsuits. Yet this activity is often treated more as art than science. Take a systematic hiring approach with these six steps:

-1- Define the Job

Break this step into three components:

Describe Tasks. What will the employee physically do—answer the phone, analyze credit reports, make bank deposits?

Specify Employee Qualities. What qualities—skills, knowledge, education, values, personality traits—do you want in the person performing the job?

Pinpoint the Job Context. In what environment—inside or outside, supervised or unsupervised, hazardous or safe—will the tasks be performed?

Unless you define the job well, you'll have trouble achieving a good match between job and applicant. And that will be only the beginning of your problems: Defining the job is the cornerstone for all other human-resource functions, including recruiting, training, and determining compensation.

-2- Describe the Ideal Candidate

The job being offered must fit the emotional, educational, and mental abilities of the new hire. Poor job matching will lead to a high turnover rate and poor production.[1]

When defining the ideal candidate, break performance criteria into two categories:

Tangible Functional Skills, as described in the job specification, such as computer knowledge and bookkeeping experience.

Intangible Attitudes and Attributes, as described in the job context, such as ability to work under pressure or being detail-oriented.[2]

The task of matching job to applicant will be easier if you already have high-performing staff. You can use these high performers as a measuring stick to screen applicants for similar positions. One type of measuring stick commonly used is the biographical test, which is composed of verifiable questions about an applicant, ranging from education to past hobbies. Such a test can help you locate employees similar to your high achievers.[3]

Another common test is the Predictive Index, which lists over 80 traits, such as dynamic, committed, self-assured, ethical, creative, and assertive. You check off the traits possessed by your top performers. Candidates form their own profile by checking off those traits that best describe their personalities. A candidate whose profile matches that of your high performers is most likely to be a good match for your organization.[4]

-3- Recruit

Where should you search for that ideal person? Here are some suggestions:

- resume databases
- public employment agencies
- private employment agencies
- executive search firms
- outplacement centers
- high school and vocational school placement offices
- college and professional school placement services
- referrals from your own employees

Research suggests that employee referrals yield higher-quality workers than do sources such as newspaper advertisements or public employment agencies. Another advantage of people referred by your employees is that they will tend to share your organization's mission and values—an important predictor of success.

Studies also show that college placement services and executive search firms are more likely than newspaper ads or public employment agencies to yield motivated, multi-skilled workers. Such flexible, committed employees are crucial in an environment where employee job descriptions are constantly changing and expanding (common in nonprofit organizations).[5]

While it's relatively inexpensive to advertise jobs in newspapers, such ads tend to generate responses from an enormous number of people, most of whom aren't qualified. These inquiries are costly to process. You can offset this problem by being selective in choosing a place to advertise. For example, some publications specialize in high-level professional jobs, while others might segment mothers who want part-time work. If you put time and thought into Step 2, you'll have a clear picture of the publications most likely to reach your ideal candidate.

–4–
Analyze Applications

If you're under time pressure to hire someone, it's easy to gloss over this step. Don't do it. The process of scrutinizing applications is too important to neglect. There are two vital parts to this step:

Screen Resumes. You need a clear and consistent filtering process that will help you eliminate inappropriate applicants and compile a list of qualified candidates. Here are the steps to follow:

- Keep only those resumes that state a job objective consistent with your job description.
- Look for resumes that comply with the employee qualities you specified in Step 1, including education and skills used in past positions.
- Zero in on the character, values, and personality traits of applicants. This step may require reading between the lines. For example, if a resume describes duties which included sales, you might conclude that the candidate has good persuasive and interpersonal skills. If applicants have volunteered at numerous nonprofits like yours, you can infer that they hold similar values.
- Check for consistent career advancement. Inconsistent progress may indicate undependable job performance.
- Look for gaps in the applicant's employment history. Such gaps suggest problems such as recurring illness or lack of motivation. Remember, however, that you're looking for reasons to screen people in, not out. If you find a troubling gap, give the applicant a quick call to see if there is a good explanation.
- Check for grammar, spelling, and overall appearance of the resume, which may signify the candidate's attention to detail and level of professionalism.

The interview is typically the least valid of all hiring tools.

Check References. Every year, millions of people obtain employment with the aid of a false resume. In most cases, the false information covers up a lack of education or experience. The best defense against a false resume is to perform a background check and examine the applicant's track record.

There is always the danger that reference checks will lead to legal action if applicants believe they lost a job because of false statements from a prior employer. For this reason, many human resource departments will give little information to a prospective employer. Yet, it is often possible to make a personal connection with someone who will trust you with relevant information. It sometimes helps to bypass the personnel department and find a supervisor who will be more forthcoming. Or ask one of the applicant's references for the name of someone not on the reference list, someone who knows the applicant well.[6]

–5–
Interview and Test Applicants

Be sure you have a well-planned and organized selection system. Here are some points to keep in mind:

The Interview: It May Be Less Useful than You Think. Many organizations hire on the strength of an interview alone, yet the interview is typically the least valid of all hiring tools.[7] The reasons the interview is flawed include the following:

The Context Effect. Physical conditions and surroundings during the interview can affect the interviewer's judgment. For example, if the interview is held in a loud, hot, or dusty environment, the interviewer may find the applicant less desirable than if the interview is conducted over drinks in a restaurant.

Signaling. The interviewer often signals with body language that an answer is considered right or wrong. People who are astute at reading body language can use these clues to improve their performance.

Comparing Apples to Oranges. Asking different questions of each applicant makes it impossible to compare applicants fairly.

Lack of Listening Skills. Too much talk on the part of the interviewer won't allow enough time to gather information about the applicant.

Halo Effect. Interviewers may be so impressed by one area of competence (such as the interviewee's personality or verbal skills) that they ignore other less-developed abilities.

Order-of-Interview Effect. The last few applicants interviewed often aren't given the same attention as the first or middle group, due to the interviewer's fatigue or boredom with the process.

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Figure 1.

Sample Job Analysis
ACCOUNTING SUPERVISOR

Ability to analyze results	1	2	3	4	5
Ability to delegate responsibility	1	2	3	4	5
Communication skills	1	2	3	4	5
Leadership abilities	1	2	3	4	5
Training, experience	1	2	3	4	5

Stereotypes. Gender, race, and age bias can affect the interviewer's evaluations.

A useful tool against bias is the structured interview. Use a pre-set series of questions, and make sure interviewers use identical phrasing and inflection with each applicant. Focus on interview questions related to what the applicant would do on the job.

Another way to reduce bias is to use a computerized interview as a first step in reducing the pool of applicants. Applicants selected by the computer are then interviewed in a more conventional manner. The use of computers has several advantages including:

- increased reliability and consistency in information gathering and analysis
- greater applicant honesty and completion rates
- reduced interviewer bias and discrimination
- quicker data analysis

Many organizations are now using hiring teams to interview candidates. By using team members from different areas of the organization, you can evaluate applicants' ability to interact with personnel at various levels. Here are tips for creating a hiring team:

- Choose people who will interact with the new employee both as peers and supervisors.
- Be sure team members are skilled at interviewing. If such skills aren't evident, train potential team members, and give them guidelines to follow.
- Team members must have good communication skills. They must be able to describe the working environment and demands of the job to the applicant.
- Pick people who have the ability to make hiring decisions based on the information available.

Have each interviewer use the same list of attributes to rate applicants. See the sample job analysis sheet in Figure 1.

Pre-employment Tests. Testing should be directly related to the job. Typing and data-entry tests are a good way to evaluate a candidate applying for a clerical position. For positions that require heavy use of spreadsheets, having the applicant sit at a computer and construct a sample spreadsheet (with data you provide) will be enlightening.

General-ability tests measure intelligence and technical knowledge. They predict overall job performance and are especially valuable when used with personality and skill tests.

Personality tests evaluate traits that relate to measurable aspects of job performance, such as leadership and aggressiveness.[8] You can obtain these tests from such companies as Profile International, Minnesota Multiphasic Personality Inventory, and Predictive Index.

To avoid legal problems, follow these rules:

- Give all applicants the same tests.
- Be sure tests aren't slanted to favor any race, age, gender, national origin, or religious or sexual preference.
- Test only those skills and character traits needed for the job.

-6-
Select the Best Candidate

List the strengths and weaknesses of each candidate in relation to the three components under Step 1 above. This information should be available in the form of notes taken from the resume, interview, reference check, testing, and job analysis stages of the process. When you consider all these elements objectively, you have the best chance of hiring–and keeping–the best person for the job. ■

Footnotes

[1] The cost of turnover may be higher than you realize. The accumulation of hidden costs (including training new hires and dealing with inefficiencies while they are being trained) averages about 1.5 times the annual salary of the position being filled. These costs can't be fully recouped unless the new employee remains on the job for at least one year, according to J.D. Phillips in "The Price Tag on Turnover," *Personnel Journal*, 1990.

[2] See "How to Screen Resumes" in *HR Focus*, Vol. 72, No. 1.

[3] It is important to note that a biographical test may not be valid unless a statistically significant sample is taken before developing the profile. See *Bet on Cowboys, Not Horses: A Technological Breakthrough for Employee Selection* by B. Mitchell, Shaker Heights Publications, Ohio, 1994.

[4] See "Where to Find the Next Top Performer," *Sales & Marketing Management*, Dec. 1996.

[5] See "The Search for Effective Methods in Employee Recruitment and Selection," *HR Focus*, Vol. 73, No. 5.

[6] See "Hiring the Right People," *Nation's Business*, Vol. 84, No. 6.

[7] See *Hiring Right: A Practical Guide* by S.J. Herman, Sage Publications, Thousand Oaks, California, 1994.

[8] But be careful only to test the traits needed for the job, or you may face a discrimination lawsuit. For more details, see "Hire the Best, But Hire with Care" in *Nonprofit World*, Vol. 20, No. 6 (www.snpo.org).

Bennie Garcia and Malcolm G. Meador, Jr., are researchers specializing in the hiring practices of organizations. Brian H. Kleiner, Ph.D., is a professor of human resource management in the School of Business Administration and Economics, California State University, Fullerton, California 92834.

Power Comes from Below

. . . *not* from an outside force!

PART OF A SERIES ABOUT ENTREPRENEURIAL SUCCESS

BY JERR BOSCHEE

> *"Most nonprofits still look to the power structure above them for support—but institutional forces push you toward serving* their *interests."*
>
> –Richard Oulahan

"They used to come in at Christmas, give us a check, offer to help.

"Now they were losing their jobs, laid off when the plants began to close, telling us 'we don't have any work, we don't have any education, we're losing our houses, our cars, our whole world is crumbling; can you guys *do* something?'"

From that heartbreaking beginning in the early 1980s, Richard Oulahan and his colleagues at Esperanza Unida have helped spark a renaissance in Milwaukee's Latino community—and they've done it by remembering three simple rules:

- Dead-end training leads to dead-end jobs.
- Power comes from below.
- Mistakes are part of the game.

During the past 19 years, the people at Esperanza have started a dozen training schools that double as businesses. Some have been closed or sold to community residents. Today the organization offers training in six fields: auto repair and sales, child care, welding and metal fabrication, commercial printing and graphic arts, construction, and customer service. Esperanza also operates the only Spanish-language bookstore in Milwaukee, a coffee shop, a legal-resource center, an office building with an international flair, and a variety of on-site student support programs.

Esperanza has trained more than 2,000 people since 1984, and more than 70% have been placed in family-supporting jobs. Each training cycle lasts for 12 weeks, and the 42nd class graduated last year. Earned revenue for the businesses associated with the six training schools during FY00 was $1,648,542, with a net profit of 2.5%, including fully allocated overhead and management expenses. All told, earned revenue from the training school ventures and the other businesses totaled $2,564,188, with a net profit of 9.1%.

Why Welfare-to-Work Doesn't Work

Oulahan is scathing in his criticism of the welfare-to-work programs that proliferate today in Wisconsin and elsewhere. "They're a total fraud," he says, and for proof he points to studies conducted recently by the state of Wisconsin. "Seventy percent of the people who've been taken off welfare in Milwaukee are still living in poverty," he says, "and it's causing incredible problems—two or three families living in a single apartment, people crowding into shelters, lining up at food pantries, committing crimes.

"People have *not* been lifted out of poverty—-but the powers that be still have the whole country fooled."

The problem, he says, is that the goal has been to get people off welfare, not into jobs where they can sustain themselves and their families. And one of Esperanza's core values is that it won't train people for "any job that doesn't have a career ladder. We don't have any illusions that if you just start working, everything will be okay."

When Wisconsin Gov. Tommy Thompson's administration invented the first welfare reform programs in the mid-1990s, the initial emphasis included training for skilled professions, and Esperanza received a $500,000 grant to train welders and mechanics. But the state almost immediately shifted its emphasis to getting people off welfare. According to Oulahan, that meant "making them take low-skilled jobs. We refused to do that, so we lost our contract."

The whole experience has left Oulahan frustrated with "our economic and political system. It doesn't want to face the reality about wealth distribution and what we need to do to correct it. What we've got is broken. It doesn't work. But the government keeps coming up with remedies that are dysfunctional."

Which is why he and his colleagues rejected the idea of offering low-skilled training in the first place.

Origins

Esperanza Unida (Spanish for "hope united") came into existence in 1971 and spent the next 10 years helping residents in Milwaukee's Latino community qualify for unemployment checks and workers' compensation. But once massive layoffs and industrial plant closings began in the early 1980s, says Oulahan, "we started looking around to see if there was a vehicle that could help these people get into the economic mainstream.

"We couldn't find one, except at the technical college, and there were five things that made it impossible for the people in our community to go there:

• It cost money.
• They needed to have a high school degree.
• It wasn't located in our community.
• The classes were all in English.
• It was usually a two-year program.

All those things mitigated against any of our people getting re-trained and into a job with a living wage."

At the same time, the people at Esperanza realized it would cost about $5,500 to train a single person to perform a skilled trade, and Oulahan says "nobody wanted to provide the funding. So, if we were going to do it, we had to figure out a way to pay for it. And that's when we realized you could generate revenue at the same time you were doing training."

An abandoned auto dealership served as the site for the first training program, and Esperanza used a federal grant to buy a tow-truck, a forklift, and some other tools. The first 30 trainees were a group of dislocated workers from an Allis Chalmers plant. "We hired an auto mechanic from the union to train them," says Oulahan, "and we started working on customers' cars. It was minor stuff at first, simple things like oil changes.

"Really, that was the beginning. We just basically had to do it ourselves, not wait for somebody else to do it for us."

During FY00, the auto repair and sales shop earned $513,535 in revenue, with a net profit of $130,628 (25.4%).

Power from Below

Oulahan is quick to emphasize he's a follower, not a leader. "Everything we do," he says, "is driven by the people in our community." Nonprofits from all over the country come to Esperanza for guidance, but Oulahan says most of them "don't believe power comes from below. They still look to the power structure above them for support. But institutional forces push you toward serving *their* interests. I know that's a pretty general concept, but it's an important one to us. Fifty percent of our employees were students here at one time and half of our board members are long-time community residents."

Oulahan says "the biggest problem in the inner city today is that it needs an economic infrastructure that's controlled by the community itself, not by an outside force. And that's what we're all about." When he talks about "infrastructure" he means buildings, equipment, tools, and people with expertise who won't go away. "If you hire a lot of technical assistance and consultants," he says, "they're here and then they're gone."

Creating community-controlled infrastructure has been the heart and soul of Esperanza's business strategy since the first training school opened in 1984. "Back then," he says, "our institutions were being run by people who said they wanted to help us create wealth. But they came in, remodeled buildings, made a lot of money—and left with all the profits.

"It's taken a lot of patience," he admits, "because it doesn't happen overnight. There are dark years when nobody really sees what's happening. And it costs a lot." How much? Oulahan just smiles: "Whatever you've got and a whole lot more. Whatever you can beg, borrow, and steal." But over time the fruits become obvious. During the 1990s, for example, Esperanza was able to develop a $5 million commercial building because it had the necessary infrastructure in place. Oulahan just laughs. "When we first started in 1984," he says, "we couldn't even borrow five thousand dollars to fix our windows!"

A Willingness to Take Risks

Of the six training school businesses being operated by Esperanza today, two are profitable, three are slightly under water, and one is struggling. Over the past 10 years, four others have come and gone, including an auto body shop, an auto parts dealership, a restaurant, and an asbestos abatement company.

Oulahan doesn't consider that a bad track record. "You have to take risks," he says. "Our community, our organization, and our board feel we don't have a lot of choice. If we're losing resources every day and people are being destroyed by our economic system, what do we have to lose if we go out on a limb and try to make something work? You can't be crazy. You've got to be careful. But the idea that you have to have all your resources on board before you start something isn't going to work.

"There's nothing wrong with making mistakes. We've made a lot of them—but we look at them as a natural part of development and growth. Nothing gets done unless you make them! You try one thing and if it doesn't work you try something else. Maybe we've stuck with a few things longer than we should have—but if the alternative is waiting until all the ducks are in line, it will never happen. Any time you create something, there are always pieces on the ground around it when it's finished. So we're not afraid of mistakes.

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We just figure that something's always lost when you create something new."

Sometimes, taking a risk means saying no to a big pot of money. At one point in the late 1980s, Esperanza had the opportunity to convert to for-profit status and qualify for $500,000 in financing from the state department of economic development. But Oulahan says "we realized that wasn't the right way to go. We didn't have much revenue back then, and it would have been nice to receive a big chunk of money, but we felt it would hurt us in the long run. We're not in business to make a profit. We're in business to get people into the economic mainstream. We would have had to start paying back loans and paying taxes and competing as a business. But we're not *really* a business—we're a community training program that generates revenue to support the training. We've lost money some years—but our social purpose has never changed. The idea isn't to make the businesses profitable—it's to make them as self-sustaining as possible. We measure our success by how many people are getting into jobs."

The Portfolio Grows

All of Esperanza's training businesses are intended to address the five challenges faced by those first community residents when the layoffs began: The programs are short-term, they're free, they're located in the community, the courses are bi-lingual, and you don't need a high school diploma to enroll (although many of the people who come to Esperanza decide to attend classes in the organization's learning center to obtain a G.E.D. at the same time they're enrolled in one of the training schools). Here's a brief rundown of these programs:

1987 (construction): Esperanza received a grant of $70,000 from the city of Milwaukee to rehab a house, then started doing commercial work, and eventually set up a training program in the field of construction. The business earned $299,288 during FY00, with expenses of $336,029.

1989 (welding and metal fabrication): "We did some research and discovered that Wisconsin had a huge need for welders," says Oulahan. During the past 12 years, Esperanza has trained more than 400 people, a third of them women, and placed 75% of them in permanent jobs—and the way the business started is testimony to Oulahan's belief that you can't wait until all the resources are in place. "A large waste management company was looking for somebody to make dumpsters for them," he remembers. "They gave us a letter of intent promising to purchase $80,000 worth from us and we used it to get a community development block grant of $200,000 from the city. And then the company bought its own manufacturing shop and never did buy a dumpster from us! But that was fine, because it caused us to diversify and look for other customers. We used the $200,000 to build a shop, purchase equipment, and hire instructors." During FY00, the welding and metal fabrication business earned $272,924 and had expenses of $310,667.

1990 (childcare): "We started getting a lot of pressure from the women in our community," recalls Oulahan. "They said we didn't have enough programs for *them*." So he scrounged a $20,000 grant from the Helen Bader Foundation, located a vacant building, and created a childcare training center called Esperanza del Futuro Child Care. Today it's the second-most profitable business operated by Esperanza (only the auto repair shop does better): It earned $398,550 during FY00, with a net profit of $72,358 (18.2%).

1996 (customer-service training): When government officials and others started jumping on the welfare reform bandwagon, Oulahan and the people in Milwaukee's Latino community "realized we needed to create still more training programs for women—and we discovered there were a lot of decent paying jobs out there, with good benefits, for people who could do customer service. And the fact that many of the women in our community were bilingual turned out to be a real asset." Esperanza approached some of the companies that were looking for workers, and Ameritech gave it a $70,000 grant to start the program. The customer-service training business earned $74,329 during FY00 and had expenses of $89,821.

1996 (commercial printing and graphic arts): "We're always looking around to see what types of jobs are needed in the community," says Oulahan, "and we discovered that not many people of color were getting into the printing industry. Those who did usually wound up working in a bindery or in some other low-wage job with no chance for advancement. At the same time, we were running an auto body shop and training school, but it took six months to train people and we could only train five at a time. We decided that just wasn't enough, so we closed it down—even though it was profitable—and started a printing school instead." Esperanza received a $250,000 federal grant to hire instructors and buy a state-of-the-art press. Its commercial printing and graphic arts business is still struggling to find its footing. During FY00 it earned $89,916 but had total expenses of $161,550.

The "Failures"

Even though it was profitable, the auto body shop "failed" because it didn't meet Esperanza's social-purpose objectives. The other three businesses that are no longer part of the Esperanza portfolio went away for a variety of reasons.

"We tried to do an auto parts business by pulling parts off donated vehicles," says Oulahan, "but we learned stockpiling parts isn't cost-effective—you need to have a big lot and only pull parts when you're selling them. We just couldn't handle that."

The restaurant business "drained a lot of capital," says Oulahan, and also failed to meet its social objectives: "We weren't able to train people for skilled jobs," he says, "so we shut it down." But he hastens to point out, "We rent the space now to a local guy who's made the restaurant a great success."

The asbestos abatement business started when Esperanza decided to buy and rehab an abandoned commercial building. The building had lain vacant for years because potential buyers were scared off by the projected cost of asbestos removal—more than $300,000. Esperanza found a better way. "We created a training program," says Oulahan, "and moved the asbestos out as part of the training. It cost us only $15,000—and then we sold the business to the guy who was running it for us."

Critical Success Factors

In addition to **drawing power and direction from below, providing training only in skilled professions, concentrating on infrastructure development,** and **being willing to take risks,** Oulahan emphasizes six other factors that have been critical to Esperanza's success.

Make a long-term commitment. "You've got to make the commitment and say, 'This is what we're gonna do and we're not gonna back off,'" says Oulahan. "You have to be willing to say this is a lifetime commitment. Really. You can't back out once you start. You have to be in it for the long haul and believe you're gonna make it work."

Use ingenuity. "Sometimes you have to use a nutcracker to open a refrigerator," laughs Oulahan. "It works most of the time if you persist! You can't be stuck on saying, 'Here's the way it *must* be done.'"

Go it alone. "Coalitions are good," says Oulahan, "but part of the reason we've succeeded is because we knew we had to do this by ourselves. A lot of institutions offer assistance, but they only go so far." However, Oulahan also emphasizes the importance of being flexible when others want to help: "You can't be rigid or ideological," he says. "You don't want to sell your soul, obviously, but you can't be so pure that you can't work with somebody—unless it becomes obvious that it goes against the interests of the community, as it did with the welfare-to-work programs."

But ask for help. Going it alone may be the prime directive, but Oulahan also points out that "each of our businesses has an advisory committee we can go to with problems or ideas and to help us keep in touch with the industry." For example, advisors for the auto repair and sales program come from both the auto mechanics union and auto dealerships.

Trust the staff. "One thing we could have done more of in the beginning was to involve more of our staff members in our decision-making," says Oulahan. "It seemed like there was such an urgency to get things done, but now we have the luxury of weekly departmental meetings and it's really incredible how staff members are able to pull together, deal with problems and get past things."

Do what you believe in, and the money will follow. "We've never had enough cash," says Oulahan, "but it's like starting a fire. You put on some twigs, then you keep putting on more and more, and you get it burning." ■

Jerr Boschee (jerr@orbis.net), long recognized as one of the founders of the social enterprise movement worldwide, has spent the past 20 years as an advisor to social entrepreneurs in the U.S. and abroad. He has delivered seminars or conducted workshops in 41 states and nine foreign countries and is executive director of The Institute for Social Entrepreneurs (www.socialent), which provides education, training, and other services for social entrepreneurs.

More on Social Enterprise

For more about social enterprise, see *The Social Enterprise Sourcebook* by Jerr Boschee. The Sourcebook contains stories about 14 nonprofits that have successfully started business ventures, along with fact sheets about each organization and brief profiles of the entrepreneurs. Copies of the book are available for download at no charge from the publisher (www.northlandinst.org) and bound volumes can be ordered either from the publisher or from Amazon.com.

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Here's how to tap into a lucrative fundraising technique.

BY ELEANOR CICERCHI

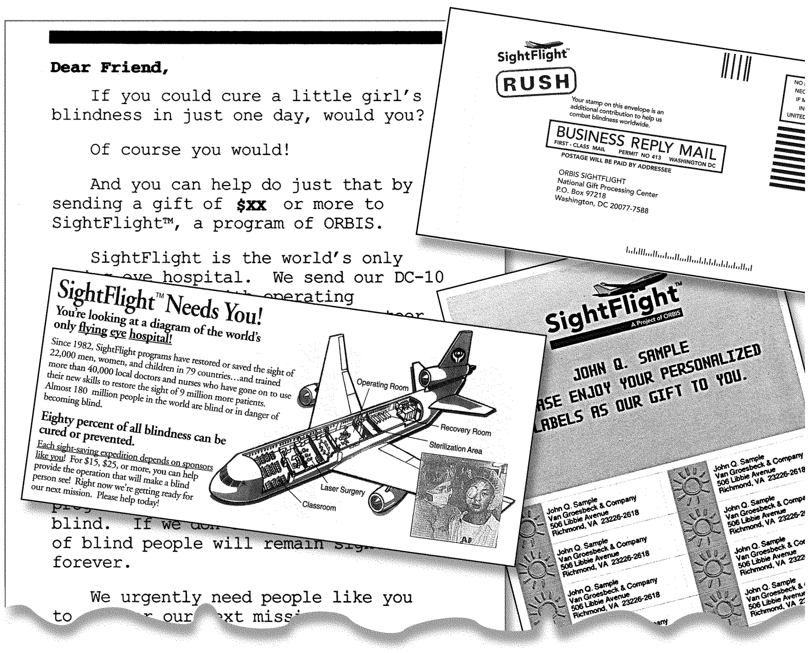
Ever wonder if there's real money to be made for charities that send fundraising letters? The answer is yes—hundreds of millions of dollars, as a matter of fact, but not for all nonprofits. Direct mail is not scientific. It's expensive, particularly at the beginning. It takes staying power, attention to details, and continual monitoring. Expertise helps (which is why you'll probably want some outside help in designing your program). But all that aside, direct mail works for thousands and thousands of organizations. Americans and Canadians are among the most philanthropic in the world. And they make decisions in minutes, if not seconds, unlike foundations and corporations, which can deliberate for months before making a grant or even announcing a decision.

Is a high-volume mail program for you?

Not every nonprofit is a good fit for high-volume direct mail—say, 100,000 or more packages a year to nondonor names (names you have rented from other organizations), and renewal mailings to your own donor file four or more times during the year. Use this checklist to decide how aggressively to pursue direct mail:

• **Does your organization have emotional appeal?** If your organization helps children or animals, feeds the hungry, houses the homeless, or in some other way touches people directly, chances are that you can be successful in a mail campaign. Even if your organization doesn't have such obvious emotional appeal, you can be successful if you find a way to communicate the human impact of your work.

• **Does your organization have name recognition or a recognizable symbol?** If not, can you create a catchy symbol or name? Our organization, which operates a flying eye hospital aboard a specially equipped jet, fared poorly in mail requests when it used the name "ORBIS" with no other identifying features. But when we created a sub-brand, "SightFlight," and a special logo with a plane in it, we began to do exceptionally well.



High-volume direct-mail fundraising is not for the faint of heart.

• **Are you and your board ready to invest in start-up for two to three years?** By "invest," we really mean "lose money"--at least for a while. Most new, or newly enlarged, direct-mail programs don't produce net income for two to three years—not until the people who responded to the initial appeal renew their gifts and their cumulative giving compensates for the high cost of getting that first gift. The number of people who respond the first time (the yield); the size, frequency, and number of renewing gifts; and the cost of the package and support services all have an impact on how much needs to be invested and for how long. Here, expert advice from people with experience in direct mail can make a huge difference. There are many ways to manage the risk and monitor the results all along the way. Just remember that high-volume direct-mail fundraising is not for the faint of heart. But if you don't try, you may never know what might be.

A Dual-Track Effort

Successful direct-mail programs have two separate and equally important tracks: The *acquisition* track seeks gifts from people who have never before given to your organization, while the *renewal* track seeks repeat and upgraded gifts from donors who have given before. Both tracks are essential to achieving net income and a sustained program. While you can bring in lots of new money through acquisition, the costs are high. It's only in your renewal program that income is likely to surpass your expenses.

Let's say you start a direct-mail program by sending 100,000 packages to nondonors. The "yield" is 1.0 percent, which is considered very good in acquisition programs. That means 1,000 new donors. If the average gift is $18, a pretty typical number, your organization makes $18,000. But each package cost 38 cents, including postage. Thus, the cost of the mailing was $38,000, and you're actually in the hole $20,000—even before you consider staff or consultant expenses!

It's the renewal program that will save the day. Two months later, you mail a letter to the 1,000 people who responded to the acquisition package. This time the audience is "warm": The people who receive the package have not only read or skimmed your first one, they have actually written a check. An average response to the second appeal might be 7 percent. That is, 70 people of the 1,000 send repeat gifts. The piece is likely to be a little cheaper, with no premiums such as address labels to encourage a nondonor to open the package and fewer pieces of paper inside the envelope. This time the cost is 22 cents. The cost is $220 for 1,000 of these packages. The 70 gifts average $20 for total income of $1,400. Finally, you're making money. Of course, there's a long way to go to make up the $20,000 "investment" in the acquisition appeal, but the tide has turned!

A year or 14 months later, after five renewal appeals, perhaps 40 percent of those 1,000 new donors have given at

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least one repeat gift. If those 400 people have made a total of 440 gifts (because some people made gifts more than once), and the gifts are averaging $20, you've spent $1,100 to bring in $8,800 through the renewal program.

If that doesn't sound too impressive, remember that you probably have other donors that have been giving for years. These people comprise a very loyal donor segment. To achieve economies of scale, you'll add them to your renewal program. Chances are that with the new graphics, more frequent mailings, and a few other improvements to your program, their giving will pick up. As the new donors become longtime donors, the economics look even better. At some point you may recruit a portion of them to a monthly donor program, which works through direct debits from bank accounts. (This is a very attractive program, because it costs so much less to keep the donor.)

You may be wondering, "If acquisition is so expensive, why not limit that portion of the program?" The answer is different for every organization. How fast do you want your direct-mail program to grow? How much money, how fast, are you prepared to invest? One thing is clear: Unless your program has failed miserably, you *don't* want to stop acquisition. The phenomenon of attrition—or donor dropout—haunts everybody in direct mail. Some donors find other causes to support. They die, move, have financial reverses, whatever. Some mail-acquired donors move up: into your major gifts program, where they get more personalized appeals from your CEO or a volunteer fundraising leader and are no longer in your direct-mail program. Over time, unless you continue to replenish your donor file with new donors acquired through the mail, your list will dwindle away.

Some organizations concerned with their fundraising ratios have minimal acquisition programs for two years, then mail aggressively during the third year. This way they keep replenishing their lists, and their average fundraising ratio is within acceptable limits. Consultants, colleagues in other organizations, workshops, and publications can all help you come to the decisions that make the most sense for your organization.

> *The phenomenon of attrition haunts everybody in direct mail.*

Getting Started

Step 1. Understand Who Your Donors Are Now.

Your first step in starting or revitalizing your direct-mail program is to determine what earlier direct-mail activities have worked or not worked, and with which groups of people. This is an important process that you can dignify (just in case somebody in your organization thinks you should be spending your time doing other things) with the term "audit."

The reason for the audit is that to be successful in direct mail, you have to be able to discern trends or patterns of response that work. This means mailing in sufficient quantity to discern patterns. (If you have ever taken a statistics course, or studied survey results, you know that patterns can only be discerned by looking at a large enough population. With too small a population, a few out-of-the-ordinary responses skew the results.) Given the high cost of printing and postage, mistakes or bad guesses are expensive, so you want to be armed with as much information about what works for your organization as possible.

Which Emotions Work Best in Direct Mail?

Here's a ranking of emotions that work best, according to Greg Adams of the direct-mail firm Adams & Hussey:

- **Anger** (that others are suffering, that something you care about is threatened)
- **Fear** (of illness, harm to your children, loss of income or privilege. One well-known appeal to fear is the Memorial Sloan Kettering letter that opens: "You may not ever need us…" Readers can't help but think, "But what if I do?")
- **Self-interest** (benefits, financial security, good health)
- **Exclusivity** ("because you are among a select few…")
- **Curiosity** (Put a puzzling statement on the envelope. Then, in your first paragraph, make the transition to your case.)
- **Validation** (an appeal that states that choosing to support your organization was a good decision, citing the group's accomplishments or other reasons).

Note the omission of pity in this list. Pity alone doesn't work in direct mail. It needs to be paired with another emotion (fear or validation, for example) and backed up by a discussion of why this approach to the problem works and deserves the reader's support. Sympathy or pity may elicit a single gift (to help a family that has lost its home in a natural disaster or war, for example) but cannot by itself sustain a direct-mail program.

Sixty percent of your results in acquisition can be attributed to the lists you use.

Look for clusters of donors or characteristics shared by the people who already support you (age, gender, where they live, whether they or family members have used your services, and what other organizations they support, for example). Also look at the types of direct-mail packages that have done well (for example, those that tell a story of a person helped by your organization or that carry an endorsement, those that feature a particular part of your program, or those with premiums or giveaways). Don't *think* you know. Take a hard look. You may even want to mail a survey that seeks answers to some of these questions.

Ten Steps to a Good Fundraising Letter

1. **Grab** the reader's attention. Create an emotional connection.
2. **Make your request** for a donation.
3. **Restate** the problem, offering reasons why the reader should be concerned.
4. **Introduce** the solution.
5. **Juxtapose** the problem and solution with your organization.
6. **Repeat your request** for a donation 5 to 7 times throughout the letter.
7. **Stress** the urgent need for action.
8. **Spell out** the consequences of inaction.
9. **Repeat** the financial need.
10. **Always add a P.S.** with a reason to give *now.*

Step 2. Decide Which Consultants to Hire.

For a large program, you'll want the services of several types of specialists: a list broker (who will suggest which mailing lists to rent and then arrange for the rentals) and a shop that does the "creative" work, such as writing the letter and analyzing results. You'll also need a printer, maybe a mail house or letter shop (to assemble all those packages and get them into the mail), and, if you don't have database capabilities in-house, an outside database management firm. Some of these tasks can be handled in-house if you have sufficient staff or volunteers. Just remember that it makes no sense to staff up for peak volume if the work will be cyclical: Either you'll have people sitting on their hands during nonpeak times, or the few people you do have will be losing their minds (and donors will go unacknowledged) during peak times.

If you can hire only one outside firm, choose the list broker. Sixty percent of your results in acquisition can be attributed to the lists you use. You don't want to skimp here.

Step 3. Select Your Lists.

High-volume direct-mail programs involve renting names from lists drawn from other nonprofits, magazines, and membership organizations. There are thousands and thousands of lists on the market that you can choose to rent. Your list broker will be invaluable in recommending those that may work for your organization. Here are some tips for list selection:

• ***Choose lists from organizations with similar missions.***

• ***Look for evidence of mail responsiveness and philanthropic behavior.*** There are millions of people who have disposable income and who may be interested in your cause but who don't respond to mail appeals. Beware of lists of "wealthy college graduates" or subscribers to high-end regional magazines (unless your organization is a museum or other organization that appeals to high-net-worth people). They may not be mail-responsive and, though philanthropic, may not respond to direct-mail appeals from organizations new to them. Rent the names of people who are already giving through the mail to organizations like yours.

• ***Do a merge-purge to remove the names of your current donors.*** People who have been donors to your organization for years are likely to be offended if they receive a "dear friend" letter purporting to introduce your organization.

Step 4. Develop Your "Control" Package.

Because the stakes are so high in acquisition, you want to leave as little as possible to chance. That's why, when you mail in large quantities, you want to mail a package that has already been tested and has proved its value. This is your control package.

Here's how the process works. Your consultant comes up with two different packages. One of the two might have a premium, such as address labels or greeting cards. Perhaps one is sent in a large envelope, and the other has "teaser copy," such as one Amnesty International used recently: "In some parts of the world, answering this letter could land you in jail or even get you killed…"

Rather than mailing great quantities of one or both, start with a test mailing. Your list broker has recommended 10 lists: 10,000 names from each, randomly selected. To determine which package works best, mail package A to half of each list, package B to the other half. Identify which package each person receives by a code on the reply device (the coupon people send back with their checks). That way you know which package your donors have responded to.

To evaluate the responses, look at the "yield" (the percent of donors who responded with a gift) and the average size of the gift, as well as the cost of producing each package. Each variable is important. If Package A yields fewer gifts, but those gifts are larger than those acquired with Package B, you might be better off making Package A your control. If one package is considerably more expensive than the other, that's a factor to consider, too. Alas, you are going to have to choose just one because it is too expensive to do all the setup for two acquisition packages.

Thereafter, you'll continue to test variations on your control package, always trying to improve the yield or average gift or lower the cost. Perhaps you'll test another package entirely. Remember to test only one different element at a time (otherwise you won't know which element made a difference). When you find a "winner," you can stay with it for several years.

Step 5. Learn Which Lists Work for You.

Your test mailing will also tell you which lists work best. Here, too, look at yield as well as average gift size. Some lists will be clear winners, others will be duds, and still others "so-so." Your list broker will probably recommend that in the full "rollout"—a large mailing of your control package—you concentrate on the lists that performed best, dropping the poor performers, and perhaps continuing to test the so-so lists to see what potential they have.

> *Direct mail is counterintuitive.*

As tedious as this may seem, what you're doing is minimizing your risk in a high-risk endeavor. Direct mail is counterintuitive. What you think will produce well in the mail may not, and vice versa. The only reliable way to find out is to test and quantify the results.

Writing the Letter: Open the Heart

In writing direct-mail copy, adhere to these three rules:

Rule 1. Appeal to the Heart or Gut, then the Mind.

First, connect with the reader viscerally. (See the box on page 19 for tips.) Then, tell your story in a convincing way. Substantiate with tangible examples, testimonials, a few statistics about the number of people you've served. Repeat the major messages, highlight your most important messages, and, above all, ask for the gift, not once but several times throughout your letter (the tie-down). It helps to think about which appeals have touched you. That's the same reaction you want to generate with your direct mail packages–strong, immediate feelings that will translate into a desire for action. Promise that action in your letter, document your organization's impressive achievements, and you're on your way.

Rule 2. Keep It Simple.

It's natural to want to put a lot about your organization's work into your mail appeals. But resist the impulse. Instead, follow these maxims:

• ***Focus on one theme or one message.*** Describe one aspect of your program, not all of them in a single letter. You'll have plenty of opportunity to talk to your donors about your other activities in subsequent appeals.

• ***Repeat your core message and your appeal for support over and over.*** If readers don't see these key words on page one, they may see them on page two, or on the reply device.

• ***Don't include a brochure.*** Instead, include a reprint, a circular that is skimmable, a map, or a diagram showing your program in action. A "lift note" from someone other than the signer of the letter can help, too. The text of each of these pieces should reinforce the message in your letter, as should any text on the outside, or carrier, envelope or on the reply device.

Rule 3. Involve Your Reader.

It's also tempting to talk about all the good work your organization does.

Calm People's Worries

People have been treating their mail with new suspicion in the wake of terrorist attacks and anthrax scares. These misgivings needn't hurt your direct-mail efforts, especially if you follow these suggestions:

- **Tell who you are.** Include your organization's name, address, logo, phone number, and Web site on your envelopes.
- **Tell what's inside.** If you send items in the mail, note on the front of the envelope what you have included with the letter.
- **Tell what's coming.** Consider e-mailing people beforehand to expect a letter from your organization. It will increase your chances of getting your letter opened.

For more tips, see "Do You Need to Give Up Direct-Mail Fundraising?" in *Nonprofit World,* Vol. 20, No. 2.

But this is risky. The best letters use the word "you" more than "we," "our," or "I." Invite the reader into the work of your organization. Two useful phrases are "You can help" and "Your support will…" Many nonprofits go further and include participation devices. Ask the reader to fill out a survey. A survey arouses curiosity and appeals to the donor's desire to be acknowledged. Answering the questions focuses the reader on the need for the organization and produces gifts.

Amnesty International in the United Kingdom is an effective innovator in participation devices. One appeal contained a small pencil that could be felt through the envelope. The pencil was to be used to sign a petition to release a political prisoner in the developing world. Still another included a piece of cardboard with slits for inserting two coins, worth one pound each.

These appeals can be expensive and should always be tested in small lots before being rolled out. But inviting the prospective donor to participate actively in the work of the organization can be extremely effective. Get your best marketers thinking about innovative ways to do this. The results may surprise you.

How Are You Doing?

As satisfying as it is to see those dollars accumulating, there are a few more calculations you need to make to assess how your program is doing.

• **Retention** (or the flip side of the same coin, attrition). Expect some donors to drop out; that's attrition. The retention rate is the percentage of those who continue to give. It's tempting to keep all those names in your files. But if a donor hasn't responded in 36 months, you might want to try mailing less frequently. Sometimes you can get a long-lapsed donor back by mailing the acquisition package again. And sometimes you just archive a name. Calculate the retention rate year after year; you'll get a baseline rate that you'll want to try to beat.

• **Donor value.** This is an important calculation: the cumulative "value" of a donor over time—that is, cumulative gifts minus the total cost of getting that first gift. Make this calculation donor-by-donor or for segments of your list (say, the donor value for donors acquired by using list A vs. the cumulative value of donors acquired from list B. If list A donors give less frequently than list B donors, but give higher gifts, you may want to rent more names from list A. You might also want to calculate the value of donors acquired with premiums vs. those who responded to a package without premiums).

Because so much depends on discovering patterns of success, these calculations will help you do more of what works as you continue to innovate, test, and analyze results. Remember, even the giant mailers once started small. ■

Eleanor Cicerchi, CFRE, is vice president for development and external affairs/Americas for ORBIS International, Inc., 330 West 42nd Street, Suite 1900, New York, N.Y. 10026. She is the author of a chapter in Secrets of Successful Fundraising, *from which this article is adapted (www.carolweisman.com).*

PARTNERING:

Your Strategy for Keeping Meeting Costs Down and Quality Up

Low-cost meetings are only the beginning.

BY ED RIGSBEE

The cost of meetings is steadily increasing. A new model has become absolutely necessary for nonprofits. This model is partnering—working with suppliers to create solutions that would be impossible alone.Once you begin partnering, you'll think of hundreds of ways this strategy can help fulfill your mission. But getting started takes time, and you can get off on the wrong foot if you're not careful.

Let's say, for example, that you call a hotel and say, "I need a deal." The hotel knows nothing about your organization, doesn't know whether you're offering a worthy piece of business, and thus quotes a high price. You think, "They're not willing to partner with me!"

Partnering doesn't mean asking a supplier to roll over and give you what you want. Rather, partnering is two or more entities discovering a way to do business in which synergy is created and both get close to (but rarely all of) what they want. There are two key elements in partnering for successful meetings:

1. Understand what your supplier needs.

A recent survey of meeting suppliers found that the most important way for an organization to save money is to be flexible. For example:

• **To partner with airlines, have your meeting** in a city where an airline is trying to build business. A meeting there can mean discounts on tickets and vouchers for restaurants and movies. In addition to the customary, 1-free-with-40

Five Steps to Partnering

The partnering philosophy goes well beyond meetings. Partner with all your suppliers to gain lower costs and higher quality. Here are the steps to take:

1. Monitor. Observe your organization, and identify areas for improvement. Take inventory of core strengths that might be valuable to a partner.

2. Educate. Learn about companies you might consider for partnering arrangements. Ask yourself: What are their strengths and weaknesses? What effect would they have on our organization? What effect would we have on their business?

3. Select. This step is critical, because all your future efforts are built on this foundation. Search for the strongest materials for your partnering foundation. Select with knowledge and commitment.

4. Organize. Now you're to the point of identifying and putting together the possibilities for an alliance. This will be not only your partnering structure but also your road map. Plan it well.

5. Charter. Put your agreement on paper. Each party's written commitment will smooth a path through the bumpy road of partnering. Your charter should explain conflict resolution, as Murphy's Law is sure to emerge. Be ready for it and the conflict will be resolved amiably.

The Nine Critical Qualities in Selecting an Alliance Partner

Good partners have the following qualities:

1. They want to win. There's no reason to partner with a loser. You and your partner must both want to improve yourselves continually.

2. They understand the value of synergy. They know when partnering is and isn't the best choice for success.

3. They are active listeners. To truly keep in touch with the heartbeat of an alliance, active listening is critical. It helps both partners know if problems are developing or if people are falling behind in their commitment. Alertness from both sides equals mutual success.

4. They understand and care about what drives their partner. Both partners must consistently give added-value to the relationship. Regular "relationship-bank" deposits are required before withdrawals are possible. Good partners add value by knowing what their allies consider valuable.

5. They respond well to feedback and act on it. The only possibility for forward movement occurs when leaders are willing to accept counsel. None of us is smart enough to know it all! If so, there wouldn't be a need for partnering.

6. They are flexible, especially when things don't go as expected.

7. They trust and respect others.

8. They seek win-win arrangements and solutions.

9. They understand that partnering is a relationship of interdependence, not dependence or independence. Visualize your partner and yourself as partially overlapping circles. The overlapping parts of the circles are your areas of mutual value. The greater the overlap, the greater the value. This overlapping area is your area of interdependence. Working together for mutual improvement is the great benefit received from partnering.

The Five Magic Values

At the foundation of every successful partnership are five core values. Integrate these values into your relationships and you have created magic!

1. Trust is the glue that binds a relationship. When you trust, you're putting yourself at risk. Taking risks is necessary to build relationships and move from inertia to action.

2. Tolerance is the ability to accept an idea without caring who conceived it. For partnering to work, this core value must be cherished by everyone involved.

3. Cooperation allows participants to accomplish far more than each could alone. Cooperation leads to growth.

4. Commitment to the partnership is what smooths the potholes on the road to success. It's this element that allows both partners to voice their opinions and remain safe from criticism.

5. Synergy allows two dissimilar organisms, such as a nonprofit and for-profit, to create a close association that's advantageous to both. This belief in mutual good is what makes marriage succeed. As in marriages, synergy doesn't just happen; it takes work. But the rewards can be immense.

policy, airlines often have special zone fares. They may also offer free site-inspection tickets.

• **Book your meeting** during low season (Palm Springs in August) and save plenty. Having your meeting just before or after regional holidays can also save you money because the hotel might be empty during that time.

• **End your daytime meetings** at 3:00 or 4:00 rather than 5:00 p.m. and the hotel can sell the room for an evening event, again saving you money.

• **Call other service providers** to see how to partner with them to save costs. For instance, few companies pay retail for their audio-visual equipment. The industry works on retail discounts similar to the office furniture industry.

• **Consider what you might offer speakers** instead of money. If the speaker has written a book, for example, you might require all meeting attendees to buy a copy.

• **Be willing to give** a multi-year commitment. Give partners something they can take to their bankers to obtain the capital necessary to gear up for your needs.

Ten Tips to Outrageously Successful Alliances

1. **Behave toward alliance partners** as you'd like them to behave toward you.
2. **Remember, it's more important** to be a good partner and get things done than to obsess on being right.
3. **Make relationship-bank deposits** before you try to make withdrawals.
4. **Share value updates** with your partner.
5. **Know** what your partner needs.
6. **Be clear about what you want** from your alliance relationship and what you're willing to give to it.
7. **Be committed,** and show your passion for your alliance.
8. **Do more** for your partner than you promised.
9. **Resolve conflict** immediately.
10. **Keep in mind that you can't partner** with someone who doesn't want to be a good partner.

2. Build your organization's reputation and performance history.

If you don't have a track record, how can you expect suppliers to partner with you? They are in business to make money, and most have already been burned. Relationships take time to build and no time to burn. Choose suppliers that are partnerable (some are not capable of partnering), take time to build relationships with them, and accept that partnering isn't instant gratification. Help your meeting suppliers get what they need, and they'll help you get what you need. Do this and your meetings will be cost effective and of the highest quality. ■

Ed Rigsbee is a professional speaker and president of Rigsbee Enterprises, Inc. (P.O. Box 6425-PC, Westlake Village, California 91359, 800-839-1520, EdRigsbee@aol.com, www.rigsbee.com), a strategic management and marketing consulting firm. He is the author of Developing Strategic Alliances *and* The Art of Partnering, *from which this article is adapted.*

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Training Programs Need More than Good Information

Show your commitment to service by training your employees well.

BY JOHN TSCHOHL

Service is critical to the success of your organization. The challenge is to make it a priority with your employees. You can't merely say it's a priority; you must demonstrate your commitment to service by training each employee in how to provide service so exceptional that it separates you from your competitors. You must train each employee within the first two weeks of hiring and, to create a change in behavior, you must provide additional training at least every six months.

Whether you purchase a training program or develop your own, five elements are critical to its design. To ensure that the program captures your employees' attention, keeps enthusiasm high, and produces the results you're seeking, you must:

Make it fun and entertaining. You can't create an emotional buy-in with employees if your training program is dry and dull. Employees want to learn how to get results tomorrow without being bored to death by detail and complexity in the learning process today. You can make a point more effectively using humor than drowning employees in statistics and theories. If employees don't find your message entertaining, they won't retain it. Use a variety of media—audio-visual productions, flip charts, written materials, and role-playing. Alternate the pace of each session to keep interest high.

Focus on fundamentals. People aren't born with the skills and dispositions required to provide exceptional customer service. In fact, if they're left alone to apply what they learn from salespeople while they are customers, they're more likely to be oblivious, overbearing, and unavailable than concerned and helpful. Be sure they receive the basic foundation for superior performance.

Use attractive packaging. If you want to sell employees on the importance and quality of a training program, make sure the materials are well-packaged and communicate value. Some organizations produce or use training materials that look like trash in an effort to save money. If their annual reports or brochures showed the same disregard for quality packaging, they'd be hard pressed to attract support. When developing a training program, keep in mind that you're selling a concept to your employees. Don't discount the power of attractive packaging.

Build 80% of training time around group interaction. Training programs based on lecture are worthless. The key is to drive your subject emotionally, and that's best done through experiential learning. The facilitator should present ideas, then get employees to discuss how they can use those ideas to improve your organization. When employees are actively involved in the learning process, they're much more likely to retain the information and put it to use.

Build your employees' self-esteem. Rarely do training programs uplift employees' spirits or help them become better in their own lives. You can create a win-win environment by using your training program to build your employees' self-esteem. Employees who feel good about themselves treat others—including your customers—well. And that will have a positive impact on your entire organization.

When employees have the skills and tools they need to do their jobs, they are far more likely to do them well. The key to designing an effective training program is to capture the attention of employees and to motivate them to practice what they've learned. When you do that, you will create behavior changes that will result in improved performance. ■

John Tschohl is an international management consultant and speaker with the Service Quality Institute, 9201 East Bloomington Freeway, Minneapolis, Minnesota 55420, quality@servicequality.com, www.customer-service.com.

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Building a Board with a Passion for Mission

Here's how to recruit the board of your dreams.

BY CAROL WEISMAN

Finding the ideal board—full of people who are passionate about your cause—can mean the difference between life and death for your organization. In some cases, you may think passion doesn't matter. If Mr. Big Bucks has accepted your board nomination, and is only passionate about writing one huge check per year, that may be enough. But most of the time, it's not.

Passion doesn't necessarily require your board members to live and breathe your cause. If they do, that's great. But a more attainable goal is getting a boardroom full of people who are passionate about sharing their gifts on behalf of your mission. In other words, whatever your board members bring to the party—whether it's connections in high places, deep pockets, or an amazing ability to tell your story to an audience—they are inspired to share those strengths.

So, where does the passion come from? It starts with the board recruitment process. Here are some things you can do, from the beginning, to create a committed board:

Know Thy Mission, Know Thy Direction

It's hard to have the foundation for a passionate board unless you know where you are and where you need to be as an organization. Before you do anything else, answer one important question: What exactly is your mission?

Unfortunately, the nonprofit's mission rarely gets the time and attention it deserves. Why? Because we don't think of our groups as businesses. Granted, we aren't in business to make a profit. But we are in business to make money for the causes we support.

What's more, as we grow in size or scope, our mission changes. We have to realize that our mission is a living, breathing goal. If we don't revisit it, we may lose sight of our direction. And if we go into the recruiting process with blinders on, our board doesn't stand a chance.

Assess Your Board

Once you have reviewed your mission, take a close look at your board. How diverse is it?

Diversity is not about being socially correct. Diversity on your board simply makes sense because it's profitable. And remember, you are running a business.

Diversity is broader than race and gender. Think about it: If you have black, white, and Hispanic people on your board, and they all grew up in middle-class America, went to Ivy League schools, and work for Fortune 100 companies, you may not have as much diversity as you would think.

For diversity to work, you must be willing to trust people who are different from you and value their points of view. If you don't, you can all but kill any passion those board members have.

Find the Winners

To pinpoint the best candidates for your board, remind yourself that you're running a business. It wouldn't be effective to hire an employee without a well-planned recruiting effort based on the mission of your organization. The same is true when choosing board members.

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Here are 10 places to start recruiting:

1. Your current board.

Begin by asking your board members: Who would you like on the board if you could choose anyone at all? Have board members make lists of candidates and submit their lists to you. Then distribute a master list to everyone.

2. Board banks.

They're like dating bureaus for nonprofit boards. Some United Way offices have them. Sometimes it's the Junior League. And some leadership programs–such as Leadership Miami, Leadership New York, or Leadership Philadelphia–have board banks. When you find people through a board bank, you know they've filled out a form listing their skills, interests, and the type of board they want to serve on. So, you know they have passion for your cause.

3. Community organizations.

Check with groups like the Lions, Kiwanis, or Rotary. Tell them what you need, and you'll find they're reliable in coming through for you.

4. Clergy.

If you want more Jewish board members, go to a local rabbi. If you're looking for African Americans, go to the minister of an African American congregation. The same goes for every religion and every type of board member. The clergy are marvelous in helping recruit.

5. Major donors.

Keep an eye on who's giving and how much. Many people who are giving money to your organization are delighted to give time and expertise, too.

6. Local companies.

When you solicit funds from corporations, take the opportunity to solicit for board members as well. For instance, ask if there's someone in the marketing department who might be interested in board service.

7. Real estate professionals.

If you're looking for high-profile board members, you want to connect with someone who is selling expensive real estate to influential people. That way, you can reach people when they first move to town and are eager to get involved in the community.

8. Newspapers.

Look for movers and shakers in the news. Call and ask if they'll have coffee with you. If you can invite them to an event in your organization, do it.

9. Under your nose.

You don't need to look far to find good board members. If you hold site visits of your facilities, get the names of people who tour your site; they're already showing interest in your group. The same goes for committee members who work with you.

10. The bottom line.

Don't discount any resources. Wherever you are, whatever you're doing, be on the lookout for prospects.

Meet with Candidates

After finding potential board members, let them know you'd like them on your board, and ask to meet with them. Let them choose the time and place of the meeting.

Don't haul too much "stuff" to the meeting. Bring only brief, relevant information that will give the candidate a better understanding of your mission. In other words, no three-inch binders allowed!

Ask the hard questions. The more you communicate up front, the better. That means asking candid questions to encourage honest answers.

Clarify what you expect of them as board members–and what they expect of you. Answer this crucial question: "What's in it for me?" Be very clear on why it's important to join your board.

You never know where you'll find that next great board member.

With permission from Board Builders, carol@boardbuilders.com

No three-inch binders allowed!

Always send a prompt thank-you note after the meeting. In your note, outline why your group would be a good fit for your prospective board member.

Secure Their Commitment

The time for new board members to learn what constitutes a "good job" isn't when they're already sitting in the boardroom. That's why–once the board has voted in new members and they've verbally agreed to board service–you should cement their commitment with a formal letter. At a minimum, your letter should include the following:

• **Financial obligations.** People are much more comfortable with guidelines. For example, you could explain that the board member will be responsible for donating $500 or securing at least two corporate donations.

• **Meeting attendance.** Mention the times, dates, and places of upcoming meetings. Note the percentage of attendance expected–for instance, a member in good standing must attend at least 60% of the meetings.

• **Committee participation.** Be clear about what's expected and what's allowed. For example, if you join the board of a small community ballet company, you're going to be asked to take tickets, sew costumes, and paint scenery. If you join the board of the New York City Ballet Company, however, you're not permitted to sew costumes or paint scenery.

• **Special-event expectations.** Mention things like selling a table for the dinner dance, bringing a foursome to the golf tournament, or anything else that will be required of the board member.

• **Board orientation information.** Explain when orientation will take place and what board members should read beforehand to be ready.

Send board members two copies of the letter. Have them sign both copies and return one to you. If the letter is slow in returning, call to see if the person is having second thoughts. If so, now is the time to know.

Keep the Momentum Going

Board orientation is a vital part of the process. The idea of orientation is to help new board members understand why they're in the room and what their board membership means. They learn how to tell the story and, best of all, they create their own story and take ownership of your cause. That's what orientation is really all about. Here are ways to make the most of orientation:

Try a board retreat. For some groups, a board retreat will be an inexpensive, four-hour session in a church basement. Larger organizations with bigger missions may bring a facilitator to an out-of-town site for two or three days. No matter what the format, the retreat will link new people to your cause, introduce them to others on the board, and show them what board membership is all about.

Make a site visit. Say you're with an environmental group. You could pile your new board members in a van and take them to see how an organic garden works. You could talk about your bylaws on the way.

Match mentors. Mentors are a great way to orient new board members. Pair each new person with a seasoned board member, who can answer questions, explain how decisions are made, introduce the players, and act as companion and personal resource.

Have fun. Whatever you choose for your orientation, make it fun. When people are expected to just sit and listen rather than interact, they won't learn as much, and enthusiasm can become defused in boredom.

Make It Win-Win

Every contact with a prospective board member has to be win-win from the very beginning. Anything you can do to inspire candidates improves your chance to have the board of your dreams.

And remember, while your new board members have tremendous gifts to give, they also have a lot to gain by serving in your organization. Not only do you offer recognition, status, contacts, and power, you offer the priceless opportunity to support a cause you both value. And while you are running a business, it's the mission that really counts. That's where the passion lives. ■

Resources

Houle, Cyril, "How Effective Is Your Board? A Rating Scale," *Nonprofit World,* Vol. 8, No. 5.

Houle, Cyril, "Who Should Be on Your Board?", *Nonprofit World,* Vol. 8, No. 1.

Muehrcke, Jill, ed., *Board Leadership & Governance, Leadership Series.*

Vogt, Jean, "Demystifying the Mission Statement," *Nonprofit World,* Vol. 12, No. 1.

Weisman, Carol, *Board Governance Videotape.*

Weisman, Carol, "Building Your Nonprofit Dream Team," *Nonprofit World,* Vol. 14, No. 5.

These resources are available from the Society's Resource Center, 734-451-3582, www.snpo.org.

Carol Weisman, president of Board Builders (48 Granada Way, St. Louis, Missouri 63124, 888-500-1777, carol@boardbuilders.com, www.carolweisman.com) is a speaker, author, trainer, and consultant who specializes in volunteerism, fundraising, and governance. Her books include Secrets of Successful Boards, *from which this article is adapted.*

It's Not Just About the Money

Two fundraising experts provide a practical, hands-on way to revolutionize your approach to raising money.

BY TERRENCE FERNSLER

Ten Steps to Fundraising Success: Choosing the Right Strategy for Your Organization

By Mal Warwick and Stephen Hitchcock. 111 pages. Softcover. San Francisco: Jossey-Bass.

This workbook (with a CD containing worksheets) outlines 10 steps to a fundraising plan:

Step 1: Assess your organization's fundraising efforts. Are your current strategies appropriate given your resources?

Step 2: Evaluate the fundraising strengths and weaknesses of your board and staff members.

Step 3: Create a team to select the best fundraising strategy.

Step 4: Weigh the costs and benefits of five common fundraising strategies: expanding your donor file at a rapid rate, nurturing significant donor involvement, keeping fundraising costs low, fostering high visibility, and achieving stability. The premise of the book is that fundraising success comes when you focus on just one of these strategies.

Step 5: Pick the fundraising strategy that's right for your organization by matching resources and needs.

Step 6: Set goals that support the fundraising strategy you've chosen.

Are your current fundaising strategies appropriate?

Step 7: Turn fundraising goals into achievable objectives.

Step 8: Choose the right tactics for your fundraising strategy and goals. Decide which of 10 common fundraising techniques make the most sense for your organization.

Step 9: Develop a master calendar to help you stay on task.

Step 10: Measure your progress. It's important to understand why goals and objectives are met or not, so that you can repeat successes, learn from failures, and take corrective action.

As the authors note, fundraising isn't just about money. It's about securing the resources you need, when you need them, to achieve your mission. Following these 10 steps will set you on the right path. ■

Terrence Fernsler is development director for Columbia-Pacific Resource Conservation and Economic Development District in Aberdeen, Washington, and president of the Development Training Institute, P.O. Box 15, 311 W. Martin, Elma, Washington 98541.

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NONPROFIT *briefs*

Test Your Passion

Answer "yes" or "no" to these questions to see whether your organization is passion-driven or passion-deprived. Your organization will never attain greatness without a big dose of passion.

____ **Have you identified the forces** that drive your organization's progress and inspire its people? Does your mission reflect these forces?

____ **Do the organization's leaders** exude enthusiasm about its mission and programs?

____ **Is positive emotion** felt throughout the organization?

____ **Are all the organization's actions** consistent with its mission?

____ **Have you partnered** with organizations that share your values? Are these partners enthusiastic about your organization's mission?

____ **Do employees, clients, volunteers, and partners** seek out your organization based on its reputation?

____ **Have you pinpointed** your personal passions? Do they coincide with the organization's mission and core values?

____ **Do you encourage** creativity and innovation throughout the organization?

____ **Do you offer training programs** to educate your staff and board about the organization and to encourage their personal growth?

____ **Do you hold regular retreats** to rekindle the passions of the organization's leaders?

____ **Do you articulate your mission and core values** throughout the organization, from CEO to entry-level employee?

____ **Is turnover low** for both paid and volunteer staff?

For more, see *The Passion Plan* and *The Passion Plan at Work* (www.josseybass.com, www.thepassionplan.com).

Contest Winners Will Glean Free Media Exposure

Interested in gaining media attention for your nonprofit organization? Submit an application to Teak Media Communications' Charity of the Month Contest at www.teakmedia.com. Each month, the winning charity will be featured on the site and announced in a press release, helping to attract media and public attention to the charity's mission and needs.

Eight Assumptions of Productive Change

Before you make a change, you need to understand these eight assumptions, on which all change rests, as noted in *The Change Leader* (Jossey-Bass, www.josseybass.com):

1. **Change is best facilitated** by developing ownership in the change process.
2. **Change will occur most easily** in an atmosphere of enlightened self-interest.
3. **People don't resist change;** they resist pain or the threat of it.
4. **People tend to resist the opposite** of change, which is boredom.
5. **Power is the ability** to get what you want; resistance is the ability to avoid what you don't want. Resistance is a subset of power, not of change.
6. **Resistance is best dealt with** by honoring it rather than suppressing, avoiding, or minimizing it.
7. **You can work best with others' resistance** by first understanding and accepting your own resistance.
8. **Change leadership** involves two steps: First, help people make choices in light of current realities. Then help them take responsibility for their choices.

Free Tech Help for Nonprofits

A free CD-ROM toolkit, "Nonprofit Necessities: The Technology Series," is available to help nonprofits maximize the benefits of computers, networks, and the Internet. NPower, a nonprofit that helps other nonprofits implement technology, is making the toolkit available through its partner, TechSoup. To request a copy, visit www.techsoup.org/discountech or e-mail sbcexcelerator@npower.org.

❑ Rate Your Organization

Here's a checklist of keys to success in fundraising, marketing, and public relations. Ask yourself these five all-important questions:

1. Does your organization have diverse income streams? If your income doesn't come from at least three different sources—such as corporations, small businesses, government, and individuals—then you may be missing out.

2. Do you make good use of volunteers and in-kind donations? Design programs and recruitment strategies to appeal to the new volunteers, such as young people and senior citizens.

3. Does your organization host special events? Not all special events are designed to raise money. Although revenues are always a bonus, there are other important reasons to launch special events. They provide publicity to promote the mission and image of your organization. They may be used to attract new donors or recruit staff, board members, and volunteers. To avoid staff burnout, recruit volunteers to do the bulk of the work in managing your special event.

4. Do you know your results? This is perhaps the most difficult task for any nonprofit business. Still, the tracking of response rates is possible for many marketing and fundraising tasks. Establish a baseline so you know how you're doing at the start; then chart the middle and end of the campaign. This will help you forecast your revenues.

5. What is your expected grant revenue? Will it decline, stay at par, or improve? You must be able to forecast whether you need additional staff or other resources for research guides and prospecting tools.

For more information, visit www.drcharity.com. Also see *Are You Sitting on a Gold Mine? Fundraising Self-Assessment Guide*, available at www.snpo.org. ❑

❑ Build Mission and Vision Statements, Step by Step

Need an effective yet concise way to create a mission and vision statement? *Crafting Effective Mission & Vision Statements* (www.wilder.org) contains an excellent method for developing these important tools.

Emil Angelica begins this 71-page workbook by explaining the difference between a mission and vision statement. The mission statement summarizes your organization's purpose in a few words and should be short enough to fit at the bottom of your letterhead and business card. The vision statement sketches a picture of your organization's desired future and should be a few paragraphs long. Together, the mission and vision statements guide the organization in policy and program planning. Both statements can play a large role in framing your organization during orientation and development of volunteers and staff.

Angelica offers seven steps to shaping a mission statement and six steps to a vision statement. He suggests that you create alternative visions, identify common themes within those visions, and distill these into one vision statement.

The processes Angelica provides will make an organization stronger. They are focused, inclusive, direction-setting, and team-building. These exercises cannot be done by outsiders. It is vital to have mission and vision statements with which everyone in the organization agrees. This book is an indispensable tool for getting busy board and staff back to the basics of your organization and focusing on the organization's purpose. ❑

—reviewed by Terrence Fernsler

❑ Countdown: Words to Forget

10. It doesn't matter what I do—I'm only one person.

9. I'll change just as soon as everyone else does.

8. Do as I say, not as I do.

7. That's their opinion…what do they know?

6. Because I said so, that's why.

5. I win and you lose.

4. It's not my job.

3. I don't care.

2. Those people.

1. Me ❑

–from *Forget for Success*, by Eric Harvey & Steve Ventura

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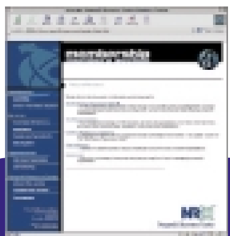

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The Society for Nonprofit Organizations
5820 Canton Center Road, Suite 165
Canton, Michigan 48187