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NONPROFIT WORLD

The National Nonprofit Leadership and Management Journal

Volume 22, Number 1 | January/February, 2004

The Key To *Successful* VOLUNTEER PROGRAMS

PLUS:

Three Steps to Managing Workplace Stress

Gaining Members with Direct Mail

Don't Just Survive! Climb the Ladder of Success

Scheduling Can Be Easy

Making the Business-Nonprofit Partnership a Win-win

New Adventures in Volunteer Recruitment

The Best Way to Raise Operating Funds

LOP: A Model to Remove Board Members

Us & Them: Decoding the Language of Nonprofit-Business Partnerships

Don't Forget the Chocolate

How Does Your Salary Measure Up?

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NONPROFIT WORLD

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SOCIETY FOR NONPROFIT ORGANIZATIONS

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The Society for Nonprofit Organizations

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

Focusing on one basic need energizes Wheelchairs for the World volunteers. See "Internal Marketing: Key to Successful Volunteer Programs" on page 25.

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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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Don't Forget the Chocolate

Whether your organization is staffed by dozens of employees or a few part-time volunteers, those people are a powerful key. Considering how firmly they're linked with your organization's success or failure, it's astonishing how often their well-being is neglected.

The steps to creating a people-friendly culture aren't difficult. Even the smallest effort signals employees that you care about them, as the authors of "A Three-Step Approach to Managing Workplace Stress" (page 17) point out. That simple feeling of being cared for can transform a workplace.

The simple feeling of being cared for can transform a workplace.

If employees feel supported and believe that what they're doing matters, they'll embrace your organization's mission and give it their all. Then, and only then, can you seize your organization's potential.

A recent Gallup poll pinpointed 12 issues that the most talented and productive workers find vital to their satisfaction. As the list on page 32 makes clear, you don't need lots of time or money to provide these basics. Simply let employees know what's expected of them, and let them do what they do best. Give them feedback, and ask for their input. Support them in their desire to learn, to grow, to challenge themselves, and to make a meaningful impact.

You're used to marketing to donors, but it's just as important to market to your employees, as "Internal Marketing: Key to Successful Volunteer Programs" (page 25) makes clear. Whether they're paid or volunteer, your workers need to know they're appreciated and that their opinions count. They need to receive praise for good work and regular reports on their progress. They need to be reminded of the organization's mission and how indispensable they are to its fulfillment (see "Rally Round the Mission" on page 26).

You can create a dynamic team by using your organizational culture as a tool to stimulate performance. Recruit people whose values match those of your organization, and plan activities and training programs to reinforce your desired culture.

Be especially alert to employees' well-being during times of transition. To grow, an organization must help workers feel comfortable with change. When people have input into a proposed change and time to prepare, they're more likely to welcome it with equanimity. "Take the Stress Out of Change" (page 32) provides some helpful coping tips.

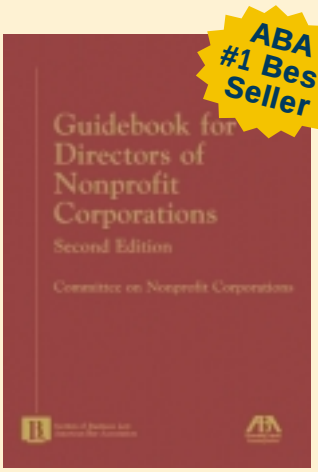
It never hurts to promote a sense of irreverence and fun. Humor is a great way to reduce stress (see "Important Things to Remember about Stress" on page 19). Lighten up. Have fun with yourself and everyone around you. Have a staff laugh in your office. Get some funny films to play in the lunchroom. Provide chocolate. "Stressed" in reverse, after all, is "desserts."

Be sure to give employees every chance to be creative. You want them to be innovators, not order-following drones. See "Need Innovative Employees? Think Creatively" on page 31 for ways to stretch people's creativity—not just in word but in deed. When you forge an environment of openness and creativity, magic will happen. ■

Jill Muehrcke

Jill Muehrcke
Editor, *Nonprofit World*

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



Nonprofit Governance Library

Just Published

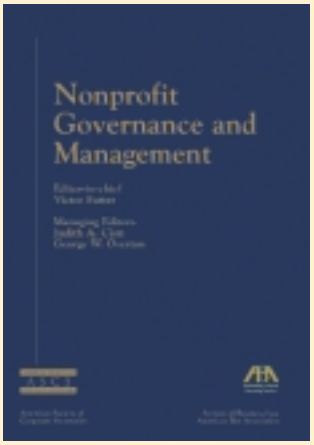
2002 7 x 10 Paperback Product Code: 5070392P
$99.95 (1-9 copies); $89.95 (10 - 25 copies)

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

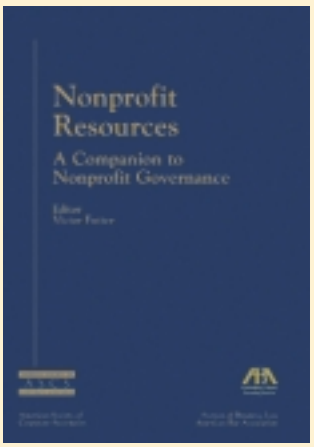
A new edition of the ABA's most popular title, this accessible guidebook is designed for directors and prospective directors of all types of nonprofit corporations. The Guidebook, written in plain-English commentary, addresses general legal principles and corporate governance issues to provide nonprofit 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 checklists 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
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LETTERS *to the editor*

Discrepancy?

On page 30 of the Vol. 21, No. 4 issue of *Nonprofit World* (in your "Nonprofit Briefs" section), there's a statement that "deductions fall for charitable contributions." On page 32 of the same issue, there's a statement that giving has increased. Are people giving more but not deducting? Or is there a discrepancy in these statements?

Marie Rossi, CAE
mtrossi@optonline.net

Good question! Results from different studies can vary for many reasons, including the methodology used, the timeline of the data-gathering, and the way people are polled. On one hand is the poll taken by Giving USA (www.givingusa.org), which used inclusive survey methods to find that giving to charities grew 1% in 2002 ("Giving Increases 1% Despite Economic Slump"). On the other hand is the report of the IRS (which bases its findings solely on what people say on their income-tax forms) that tax deductions claimed by Americans for charitable contributions declined almost 5% between 2000 and 2001 ("Deductions Fall for First Time in Over a Decade").

It's also important to note that many people don't report their charitable deductions for a number of reasons, including:

- *They don't donate enough money to qualify for a deduction.*
- *They don't itemize any of their deductions on their tax returns.*
- *They are confused by the rules connected with claiming deductions, such as recent requirements that they receive receipts from charities to substantiate their contributions and the rules involved with donating through payroll deductions.*
- *They have forgotten or minimized exactly how much they have given throughout the year.*
- *They've forgotten to report informal philanthropy, such as in-kind contributions of clothing and similar items.*

For all these reasons, it makes sense to be optimistic about giving by people in the United States, despite what some reports may suggest.

Telling It Like It Is

I am impressed with the article "Crisis in the Boardroom—Can We Avoid Catastrophe?" (Vol. 21, No. 5) by Gary Snyder. He is on target when he says that most nonprofit board members consider board meetings to be social events rather than the place where life-and-death decisions are made.

As nonprofit managers, we must change the way our boards operate. We must force our board members to face reality and not to be afraid of conflict. A board member who's worried about hurting anyone's feelings isn't going to stand up for the hard truth when it matters.

Maybe we've put too much emphasis on making board members feel comfortable, holding retreats and social gatherings. Instead, we should make it clear, right from the beginning, that board work is serious business.

Thank you for telling it like it is. Your articles are all excellent at zeroing in on what we as nonprofit managers really need to do rather than sugarcoat the truth.

Name withheld by request

Once Over, Briefly

In the "Nonprofit Briefs" section of your 20th-anniversary issue, I noticed a brief about the lessons learned post 9/11 ("What Have We Learned from 9/11?", Vol. 21, No. 3). The article that is referenced there is one that I wrote (with David Jones, the Community Service Society's president and CEO). I am grateful for the publicity about the article, but I would have appreciated an acknowledgment as the author of the piece.

David Campbell
Community Service Society of New York
105 East 22nd Street
New York, N.Y. 10010
dcampbell@cssny.org

Thanks for your careful reading of the magazine! We always appreciate close reading even when it means pointing out mistakes and oversights! Your point is well taken. In retrospect, our attribution to Responsive Philanthropy *and the NCRP Web site was clearly not adequate, given that it really was your work, not theirs. Please accept our apologies for not providing recognition for your excellent article.*

—Ed.

ASK *the experts*

Gaining Members with Direct Mail

Q: What's the best way to increase our membership using direct mail? We currently send out a membership kit (a letter, newsmagazine, and brochure) to prospects, but this hasn't gained us many new members. And, since these mailings are so expensive, we are considering eliminating the newsmagazine from future mailings and just sending a letter. Any other direct-mail ideas for increasing membership? (For your information, we are an association that helps people with the disease of spasmodic torticollis. Many people are being helped with better treatment methods for this disease and perhaps don't feel they need to join an association like ours anymore. However, I believe we offer a real lifeline and a real service to our members.)

Howard Thiel
Spasmodic Torticollis Dystonia, Inc.
Waupaca, Wisconsin

A: Obviously, for one thing, the character and quality of the direct mail packages you've sent have influenced the results of your mailings. But you've given me a few hooks to hang a bit of advice on. Please take this with several grains of salt:

(1) If you believe you "offer a real lifeline and a real service to our members," it's essential that you get that message across to prospective members in a cogent and compelling way. *That* is the true subject of any letter you might send: the *benefits* of membership.

(2) I assume that your "membership kit" includes both an enrollment form (or some other response device) and a self-addressed return envelope. If not, add them to the kit. It's far too much to expect prospective members to address their own envelopes, or to remember how big a check to write in the absence of some form that spells it out clearly.

(3) You write of a "brochure" in your prospect package. In my experience, brochures have often proven to be ineffective in stimulating prospective members to join. *The letter* is the key—and a powerful description of the benefits of membership. Sometimes, a brochure will help—if it merely illustrates and emphasizes the benefits of membership and reiterates the invitation to join. A more general brochure might very well distract prospects from the business at hand: writing a check to join.

(4) You also speak of a "newsmagazine" among the contents of your membership kit. Here, again, it's entirely possible that the added expense will be for naught. In direct mail—as in any form of advertising or marketing—it's almost always more effective to "sell the sizzle, not the steak." Instead of including an actual copy of the newsmagazine, I would develop a flyer under a headline like "FREE with your membership…" This flyer would describe the magazine in glowing terms, perhaps listing some of the most intriguing articles, and depict one or more covers.

I hope this is helpful. Good luck to you! ■

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Berkeley, California 94710-2516

FIRST *alert*

Seven Lessons Learned from ADA Case

A landmark case in Maine's Federal District Court offers lessons in what not to do when faced with an employee suffering from a mental health disability. The suit alleged Land Air Express of New England, Inc., violated the Americans with Disabilities Act (ADA) when it discharged Donna Malone because she had been hospitalized for depression. Her manager said he terminated her because of his "gut feeling" that she "might go postal."

The company accepted a settlement package in which it paid Malone $360,000. It also agreed that all its employees would receive a policy on accommodating people with disabilities and all managers would receive four hours' training on ADA requirements.

Don't let this happen to you. Here are lessons better learned *before* someone takes you to court:

1. Familiarize yourself with ADA requirements, including the need for reasonable accommodation and the "interactive process" used to develop reasonable accommodations without undue hardship.

2. Draft cogent and reasonable organizational policies, and review these policies whenever dealing with an employee who might be a qualified individual with a disability.

3. Encourage an open dialogue with the employee.

4. Stay informed of the status of the employee's condition.

5. Treat all employees compassionately and fairly, and make decisions guided by your organization's established policies.

6. Never make decisions based on assumptions about a disability, no matter how sure you are that your gut feeling is correct.

7. Consult an expert when you have questions about the legal course of action. A small amount spent early may save thousands spent later to defend a bad decision.

For more on human resources issues, go to hr.cch.com. For more on employers' obligations under the ADA, check out the EEOC Web site (www. eeoc.gov) and the following articles from *Nonprofit World* (www.snpo.org): "Nonprofits & the Americans with Disabilities Act" (Vol. 11, No. 2), "To Write or Not to Write: Do You Need a Personnel Handbook?" (Vol. 11, No. 3), "Protect Yourself Against Employee Lawsuits" (Vol. 15, No. 2), and "How to Accommodate Disabilities under ADA" (Vol. 18, No. 5).

Constraints on Cooperative Mailings Lifted

On Nov. 13, the United States Postal Service (USPS) lifted a ban on commercial mailers profiting from fundraising appeals sent on behalf of charities at nonprofit rates. Such contractual relationships are known as cooperative mailing agreements. (Other nonprofit mailings sent through commercial mailers, including newsletters and solicitations for goods and services, will still be subject to the cooperative mailing rule.) To deter abuse, the USPS will require commercial mailers to provide nonprofits with copies of donor lists, contact information, and the amount contributed for each donor, unless the nonprofit waives the right to this information. Still, the Alliance of Nonprofit Mailers worries that the new ban leaves small and unsophisticated nonprofits defenseless against one-sided and abusive relationships with commercial partners. See www.nonprofitmailers.com.

New Site Eases E-filing

The Electronic Data Initiative for Nonprofits (EDIN) has launched a new Web site (www.EDINonline.org) to ensure a smooth transition for nonprofits e-filing their annual information report (Form 990) to the IRS. Hosted by Independent Sector (www.independentsector.org), the new site provides one-stop access to news and information from the IRS, state charity offices, CPAs, tax preparation software developers, nonprofit organizations, foundations, and others, to streamline the online reporting process.

Foundation Transfers to Charity Now Easier

In the 1990s, many wealthy donors created private foundations to handle their charitable giving. During today's economic downturn, many of these donors are electing to dissolve their foundations and transfer the money to charitable donor-advised funds. Until recently, however, the IRS required public charities to be in existence for at least five years before private foundations could transfer assets to them without incurring a tax. Now, a new revenue ruling has removed that five-year limitation. That's good news for donor-advised funds, many of which are less than five years old.

For more information, contact Gammon & Grange Law Offices, 8280 Greensboro Drive, 7th Floor, McLean, Virginia 22102, npa@gandglaw.com. Also see "Will Donor-Advised Funds Revolutionize Philanthropy?" in *Nonprofit World*, Vol. 19, No. 2 (www.snpo.org).

Making the Business-Nonprofit Partnership a Win-Win

Teaming up with a business is a great way to meet your goals. Here's how to make it work.

BY MARION E. GOLD

Just watch the stock market and it's easy to see why so many charities are hurting. Ironically, at the same time as Corporate America tightens its belt, the need for businesses to expand their community involvement has never been so intense.

This should be a wake-up call to fundraisers that it takes more than walking through the door with a good cause (or putting envelopes in the mail or telemarketers on the phone) to convince local corporations of their ethical responsibility to be good neighbors.

The concept of "strategic giving" or "cause-related marketing" isn't new. But it's taking a bad hit in the press as consumers realize that using a certain credit card, for example, doesn't really add much to the fight against breast cancer.

The key is to create an environment in which the company's and charity's objectives are integrated to create a mutually beneficial result. That's *mutually* with a capital "M." Use these tips to partner with a company in your home town:

Position yourself creatively. How your program is positioned in the community makes all the difference in how it is perceived. And the responsibility for making that pitch to corporate sponsors lies in the laps of nonprofits.

Be a clever marketer. Just as corporations examine their role in the community, nonprofits must meet them halfway by using marketing tools designed to influence behavior. More and more, corporations expect their nonprofit partners to be conversant about corporate marketing and sales objectives.

CREATIVE FUNDRAISING IDEAS

Dig into Your List

Instead of looking elsewhere for money, begin with your own list. One teachers' college used its alumni list to pinpoint everyone over 65 (determined by graduation year) who used the prefix "Miss." Eight of those people ended up giving gifts over $1 million. See *Nobody Wants to Give Money Away*, ASR Philanthropic Publishing, info@ASRpublishing.com.

The Best Way to Raise Operating Funds

If you need money to operate your organization, the best fundraising tool is the annual drive. You can hold it every year to pay for your operating expenses. Start with personal solicitation of proven donors, and ask for true "annual support"—a gift that will make a dent in your operating budget. Then reach out to all parts of your community, and ask people to work and give at their level of ability. See *Keep the Money Coming*, www.pineapplepress.com.

Creativity Is Key to Auction Success

To assure top dollar at your charity auction, give people a chance to bid on unique items, such as these: shopping spree at the mall, private boardroom lunch, clam bake for 30, handmade accessories, your weight in chocolate, mother-daughter makeover, lunch with a local celebrity, a day at the spa. For more auction ideas, see www.benefitauction.com.

The most successful nonprofits will position their causes as "brands"—as "products" corporate partners want to buy.

Hold up your end of the bargain. The public can quickly identify an imbalance between the business and the cause it supports. Under the keen view of the press, the charitable side of the equation better add up. Otherwise, the campaign can backfire and damage the reputation of both partners.

Keep an eye on results. Both partners must constantly reevaluate programs and goals. Monitoring and measuring must be part of the partnership package—just as they are with all marketing campaigns. Don't let the ball drop after the proverbial "check is in the mail."

The Boston College Center for Corporate Community Relations provides a diagnostic tool on its Web site (http://www.bc.edu/cccr) to help companies evaluate the impact of their community involvement. You can use that same tool to measure the results of your efforts.

Don't be deterred by limited resources. Even nonprofits on a shoestring can create corporate partnerships. Instead of contacting big companies, small nonprofits might join with small businesses, sole proprietors, or independent contractors.

> The most successful nonprofits will position their causes as "brands."

Be sure both parties take something from the table. The partnership must be a win-win situation—and the old advertising adage that "perception is reality" is critical to success.

As corporations and charities look for new ways to meet goals, cause-related marketing may still be the right medicine to achieve a win-win. The corporate partner wins not only in community visibility and product promotion but in staff motivation, team building, and pride. The nonprofit wins by growing its programs of support. But when businesses and nonprofits work together to improve communities, the ultimate winner is the public. ■

Resources

Frede, Nancy, "Take the Money But Don't Run," *Nonprofit World*, Vol. 19, No. 6.

Gifford, Gayle, "Cause-Related Marketing: 10 Rules to Protect Your Nonprofit Assets," *Nonprofit World*, Vol. 17, No. 6.

Ptacek, Joseph and Gina Salazar, "Enlightened Self-Interest: Selling Business on the Benefits of Cause-Related Marketing," *Nonprofit World*, Vol. 15, No. 4.

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

Marion Gold (gold@speedsite.com) is a Chicago-based writer and publicist with a distinguished history of marketing and communications excellence. An expert in forging alliances between nonprofit and corporate partners, she is the author of Personal Publicity Planner: A Guide to Marketing YOU *and* TOP COPS: Profiles of Women in Command.

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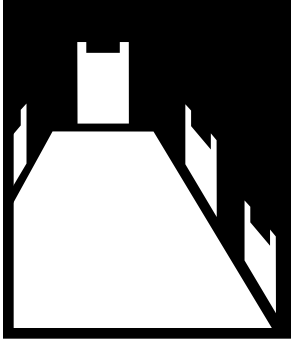

LOP: A Model to Remove Board Members

The way board members leave is crucial. Don't leave it to chance.

BY JOSEPH C. SANTORA

While much attention has focused on the tenure of nonprofit executives, little research touches on the dismissal of board members. Serving on a nonprofit board is no easy task today. Board members play increasingly important roles and take on vast responsibilities to ensure the organization's fiscal health.

Unfortunately, some board members don't fulfill their duties or are a bad fit with the organization. Yet removing them from the board is problematic for many reasons. You may hesitate to remove a board member out of misguided loyalty or fear of airing dirty laundry in public. You may worry that a high-profile dismissal will reflect badly on your organization and your ability to attract funding.

The question thus arises: How do you get board members to tender their resignation in a way that is non-disruptive yet humane?

The LOP model provides an answer. It identifies three ways for people to leave the board:

1. Leave of Absence

Taking a leave of absence is the most benign way for board members to leave. This approach opens the door for them to return at a mutually agreed date. If they decide not to return later on, the board can seize the chance to acknowledge their contributions at a well-publicized organizational event. The result is good rather than bad publicity for both the organization and the board member.

2. Ouster

The ouster is the most painful way to remove a board member. It causes the most hardship and creates enemies among colleagues and friends. At times ouster is necessary for a number of reasons: Board members may be unproductive or habitually absent from board meetings. They may blur the line between their role and that of the executive director. Or they may cause organizational chaos during executive committee meetings, behind the scenes, or at public meetings. If board members won't comply with requests from the board chair or other members of the board to resign, then the board has no recourse but to oust them from the board.

3. Personal Request

This strategy appeals to reason. Here the chairperson asks the board member to resign, explaining that the board member's value to the organization has been diminished and nothing positive can be gained by continuing. Ideally, the board member will do the right thing and resign, citing personal or professional reasons for doing so. Resigning saves face for the board member, for the board itself, and for the organization. If the board member doesn't respond to the chairperson's personal request, then the board in its entirety must take the appropriate steps to vote the recalcitrant board member off the board.

Make the Options Clear

Serving on a board requires a major commitment. It also demands that board members assume distinct roles and responsibilities. If board members are uncomfortable with their roles or don't fulfill their responsibilities, they cannot continue on the board without harming the organization. The way they leave says a good deal.

As part of your board orientation, clarify the LOP (leave of absence, ouster, or personal request) model. Be sure prospective board members understand the three ways of leaving the board, and stress the importance of choosing an option other than the destructive ouster alternative. That way, board members will be ready with the best approach when it's time for them to say good-by. ■

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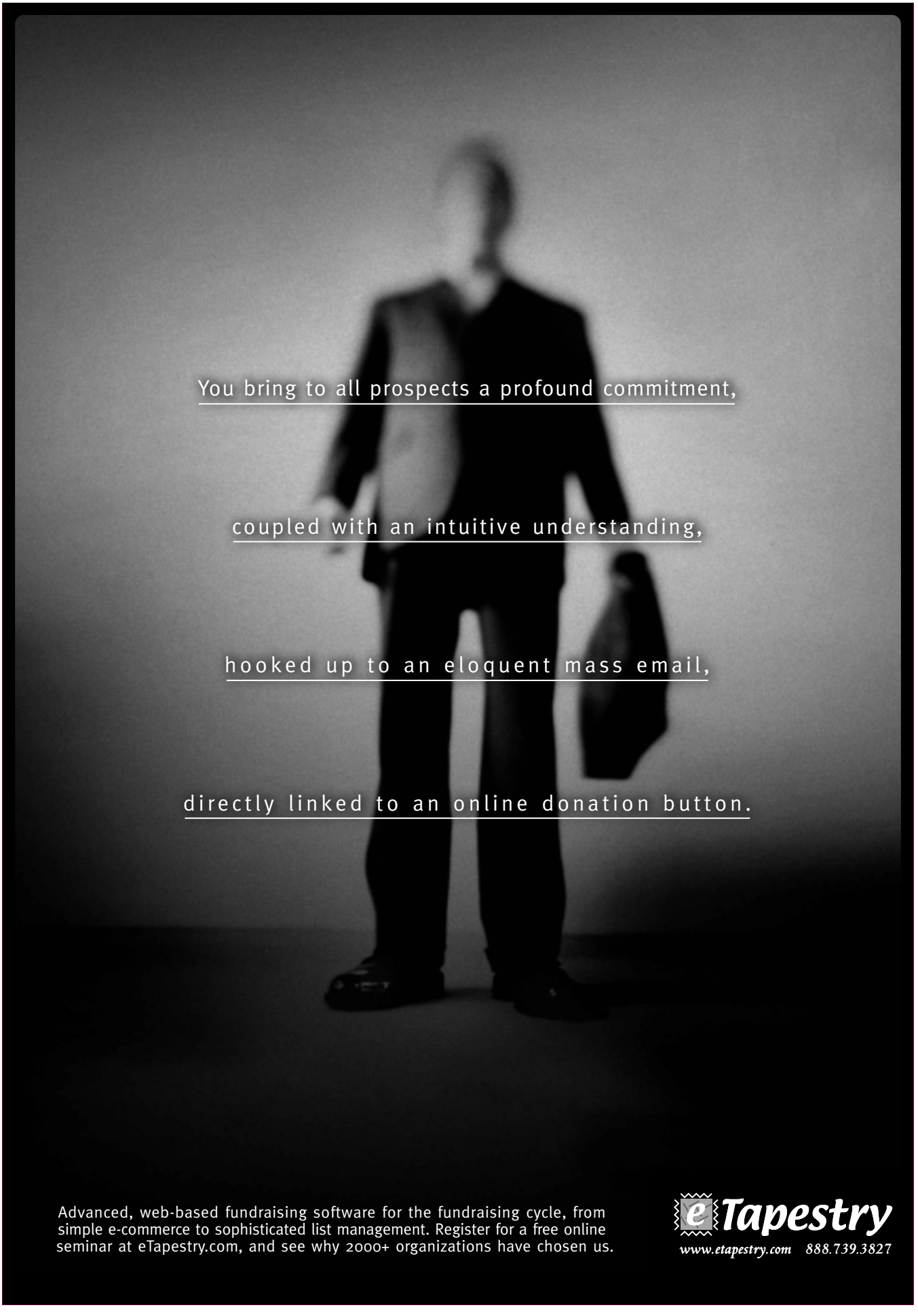
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Use these tips to assure attorney-client privilege between your consultants and attorneys.

BY CARL PACINI AND WILLIAM J. RITCHIE

In response to the demand for improved accountability, nonprofit organizations are increasingly using the services of attorneys and business consultants, including accountants and fraud examiners, to improve operations and reduce liability exposure. Nonprofits often hire these business consultants on the advice of attorneys. Competent legal advice involving fundraising (especially on the Internet), fund accounting, fraud, board liability, protection of volunteers, and the like often requires the use of experts or consultants in accounting, fraud examination, information systems, marketing, and finance.

Effective performance by a consultant, particularly in financial matters, requires open communication between the nonprofit organization and the expert. Some of these communications contain information that the nonprofit organization would prefer to remain secret. In the context of litigation or government investigations, however, the content of the nonprofit-expert communications may require disclosure to an adversary or government agency. Such disclosure may result in undesirable costs and consequences for nonprofits and their consultants.

Thus, it's important to ask: Are communications between nonprofits and their consultants protected under the attorney-client privilege? If so, under what conditions? How can a nonprofit executive assure that such communications remain confidential? To answer these questions, let's look first at the laws that govern attorney-client privilege.

Overview of Attorney-Client Privilege

The attorney-client privilege is the oldest privilege established by law. It evolved in the early 1600s as an extension of the individual's right to avoid self-incrimination. The privilege developed to preclude attorneys from having to testify against their clients. Originally, the privilege belonged to the attorney but today is considered to belong to the client. The attorney can, however, raise the privilege on the client's behalf.[1]

Uniform Rules of Evidence 501 and 502 set the parameters for the scope of the privilege: A client has a right to refuse to disclose (and to prevent others from disclosing) confidential communications made for the purpose of providing legal services to the client. The communications can be:

- between the client or client's representative and the attorney or the attorney's representative
- between the client's lawyer and that lawyer's representative
- by the client or the lawyer to a lawyer representing another in a matter of common interest
- between representatives of the client
- between lawyers representing the client.

Significantly, these rules define a "client" as a person, *corporation, association, or other organization or entity, either public or private,* who is rendered professional legal services. This means that the attorney-client privilege applies to both governmental and nonprofit entities.

The privilege must be claimed with regard to a particular communication and extends only to a communication and not to facts. For example, clients can't refuse to disclose relevant facts merely because they incorporated these facts into communications with their attorneys.

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Similarly, an attorney's communication to a client reporting facts learned by the attorney from a third party isn't within the attorney-client privilege unless the information is included in legal analysis or advice communicated to the client. Moreover, the attorney-client privilege does not attach in the context of an attorney providing non-legal advice.

Courts have set forth various tests to decide whether the attorney-client privilege applies to a particular case. Each test requires that the party claiming the privilege prove the existence of all the following elements:

- **The holder of the privilege** is the attorney's client.
- **The person to whom a communication is made** is a licensed attorney or the attorney's agent.
- **The attorney is acting as the client's lawyer** with regard to the communication.
- **The communication relates to a matter** of which the attorney was informed by the client, without the presence of third parties, for the purpose of securing legal services and not for the purpose of committing a crime.

Although each element above must be supported by facts, deciding whether the attorney-client privilege exists is done on a case-by-case basis by applying common sense.

Attorney-Client Privilege Extended to Third-Party Consultants

A lawyer may cloak a non-testifying expert or consultant with the protection of the attorney-client privilege. The landmark decision in *U.S. v. Kovel* (296 F.2nd 918, 2nd Cir.) extended the attorney-client privilege to communications between a client and a third party an attorney retained to provide accounting services (the "Kovel Rule"). In this case, the Second Circuit Court of Appeals ruled that the presence of an accountant as an attorney's agent doesn't negate the attorney-client privilege. The court noted that because of the "complexities of modern existence" few lawyers could operate without the aid of secretaries, law clerks, and others. No reason could be found to exclude accountants from the list of those who assist lawyers in providing legal services. The court ruled that the privilege shields communications with an accountant hired to help provide legal services to the attorney's client.[2]

The appeals court defined the boundaries of the *Kovel* privilege. The court acknowledged that an arbitrary line was being drawn between a case in which the client communicates first to his own accountant and then later consults with his lawyer (no privilege) and one in which the client initially retains an attorney who then hires an accountant or the client first consults with both the lawyer and accountant simultaneously (privilege exists). In *U.S. v. Cote* (456 F.2nd 142, 8th Cir.), the court made clear that communications from client to accountant before the accountant was hired by an attorney are not privileged. The court held that this distinction is necessary to prevent the privilege from being unduly expanded.

It is vital to the privilege that the communication be made in confidence for the purpose of obtaining legal advice from the attorney. If the consultant's business advice, rather than legal advice, is sought, there is no privilege. Even legal advice is unprivileged if it is merely incidental to business advice.

In one case with important implications for third-party experts such as nonprofit consultants, a federal appellate court granted attorney-client privilege to communications between a law firm and a real estate consultant engaged by the client. In this case (*Bieter Co.*, 16 F.3d 929, 8th Cir.) , the consultant was hired as an independent contractor. The issue of attorney-client privilege was complicated

by the fact that the consultant wasn't an employee of the client (a real estate developer). In upholding the attorney-client privilege, the court identified four factors in concluding that it is inappropriate to distinguish between those on the client's payroll and those employed as independent contractors:

- **The communications were made** for the purpose of seeking legal advice.
- **The third-party expert was involved in the communications** at the direction of the client.
- **The subject matter of the communication** was within the scope of the consultant's duties.
- **The communications were not disseminated** beyond those parties who needed to know.

Five Tips to Keep Information Confidential

Based on the preceding cases and examples, here are five practical ways to protect the attorney-client privilege from challenge when you use consultants on the advice of your attorney:

1. Don't hire the consultant yourself. Have your attorney hire the consultant. Otherwise, it will be difficult to show that the consultant was hired to help provide legal services rather than as a business advisor with regard to a particular communication.

2. Have the attorney draft an agreement defining the consultant's role.[3] This agreement should document the legal purpose of the consulting services and the following facts:

- The main purpose of hiring the consultant is to assist the attorney in providing legal services.
- Any communications between the consultant and nonprofit employees or board members have occurred at the direction of senior management.
- The consultant is being hired in anticipation of litigation (if appropriate).
- All communications among the attorney, client, and consultant are incidental to rendering legal services and are intended to remain confidential.
- All documents, including workpapers, are the property of the lawyer.

3. Be sure consultants bill your law firm, not your organization. Neither invoices nor copies of any invoices should be sent to you. The law firm should pay the consultant and then send you invoices which itemize the consultant's fees as expenses.[4]

4. Don't communicate with the consultant except in the presence or under the direction of the attorney. Also take care not to communicate confidential information to your lawyer in the presence of a third party who isn't an agent of the lawyer. This would include discussing a matter in a restaurant, elevator, or other public place.

5. Use caution with communication technologies such as e-mails, faxes, and cell phones to prevent inadvertent loss of the protection offered by the attorney-client privilege. Inadvertent disclosure can take many forms, ranging from unintentionally faxing a document to an opposing attorney to deliberate spying by adversarial parties. Although this is a very unsettled area of the law, inadvertent disclosure can lead to the waiver of the attorney-client privilege.[5] Use the following guidelines, and document them in your employee manuals:

- ***Make sure e-mail is encrypted,*** and use only internal e-mail or secured external systems. One legal commentator has suggested that failure to encrypt an e-mail message may constitute professional negligence on the part of counsel due to a court's finding of waiver of the attorney-client privilege.[6]
- ***Use hard-wire phones, not cell phones,*** for confidential matters. Some courts have held there is no reasonable expectation of privacy when using mobile communications.[7] Although it is a federal crime to intercept cellular telephone calls under the Electronic Communications Privacy Act of 1986, such a prohibition may not be enough to protect privileged material intercepted by a hacker.
- ***Use cover sheets with confidential legends*** for faxes containing privileged information. Such a practice will increase the likelihood that a court will uphold the attorney-client privilege in the event of inadvertent disclosure of confidential material. ■

Footnotes

[1]The cases and applications of attorney-client privilege to nonprofit organizations in this article are intended to illuminate effective means of management rather than offer specific legal advice. We recommend that nonprofit managers contact their legal counsel for clarification of these issues in practice.

[2]Tigue, J., B. Skarlatos, and L. Lacewell, "The Kovel Accountant Privilege," *New York Law Journal*, May 1994.

[3]Segal, M., "Accountants and the Attorney-Client Privilege," *Journal of Accountancy*, April 1997.

[4]Twardy, S. and M. Considine, "Procedures to Protect Attorney-Client Privilege," *New York Law Journal*, February1996.

[5]Freeman, E., "Attorney-Client Privilege and Electronic Data Transmission," *Information Systems Security*, Winter 1999.

[6]Froomkin, M., "The Metaphor Is the Key: Cryptography, the Clipper Chip, and the Constitution," *University of Pennsylvania Law Review*, 143, 1995.

[7]Gruber, H., "E-mail: The Attorney-Client Privilege," *George Washington Law Review*, 66, March 1998.

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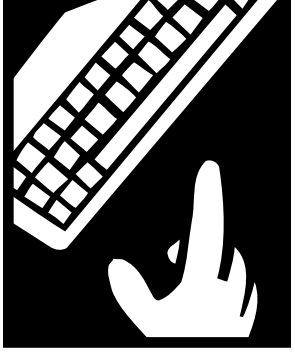

Scheduling Can Be Easy

The key is the right software.

If you're like most nonprofits, you use some sort of scheduling system. Maybe it's just paper and pencil. If so, it may be time to purchase software to make scheduling easier.

But which scheduling software should you choose? The decision can be tough. There are low-cost packages such as ResSched for as little as $180 and complex systems like Wallchart for up to $250,000.

No matter whether you are scheduling facilities, people, equipment, or all three, you need a reliable system that books the resources for a specified time frame, and guarantees they'll be there, no excuses. Facilities can range from a barn containing 2,500 cows to a meeting room for 10 people. People can be farmhands or installers and technicians. And equipment can be a fleet of vehicles or aircraft or a large inventory of audiovisual equipment used by a university.

The key to choosing the best software is to clarify your scheduling needs. Ask yourself these questions:

1. Are you planning to acquire more resources (people, equipment, facilities) to meet demands? Before you do, be sure you're maximizing the resources you already have. A good scheduling system may take the place of resources you think you need. Chances are that such a system will minimize further capital expense or increased overhead.

2. Have you ever double-booked a resource? If so, you know the cost can be high in terms of lost time, bad PR, and the like. A reliable, conflict-free scheduling system may be inexpensive in comparison.

3. Is scheduling one of many functions you'd like to perform? If so, is there a multi-function software package to meet your needs? A word of caution: Such packages are usually expensive and can have weak scheduling components. If scheduling is your main concern or if you have other software programs that you want to continue using, a low-cost package dedicated to scheduling may be better suited to your needs. Besides, some dedicated scheduling packages can be linked to other software programs to provide the functions you seek.

4. How much time do you spend on scheduling now? Can a new system reduce that time?

5. Which people will be using the new system? How fast can they learn to use it effectively?

6. Are you prepared to pay for and learn all the bells and whistles some programs offer? Or do you want a quick, comprehensive, reliable solution?

7. Is there a full-function trial version of the software available?

8. Is the software reasonably priced? Does the price include support and updates? If not, what do they cost?

9. Does the system scan, present, and print bookings graphically in a variety of views?

10. Does the software offer group and repeat scheduling with conflict checking?

11. Will the system expand as your needs grow?

12. Is the software easy to install? Is it network-friendly (trouble-free for network administrators)?

13. Can the system export information to other applications and palm® devices?

14. Does the software let you customize the terms used in windows and reports to suit your organization? ■

This article is courtesy of Madrigal Soft Tools, creators of ResSched, the award-winning scheduling software. Download their 21-day trial version from www.madrigalsoft.com/fresmulti.html. For more information, contact Chris Gower-Rees, Madrigal Soft Tools, P.O. Box 8838, Victoria, B.C. V8W 3S3.

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An updated survey gives the latest nonprofit salary information.

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The median incomes of other nonprofit jobs are shown below.

This information comes from a survey of over 105,000 employees in 131 benchmark jobs reported by 2,646 nonprofit organizations of widely differing types. The three-volume report is available from Abbott, Langer & Associates, 548 First St., Crete, IL 60417, www.abbott-langer.com.

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Publishers	$68,158
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Directors of Marketing	$58,500
Directors of Conventions	$56,000
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Marketing Development Managers	$51,870
Human Resources Managers	$51,677
Directors of Member Services	$50,000
Editors (Books & Periodicals)	$49,616
Directors of Program Services	$49,440
Artistic Directors	$49,026
Directors of Public Relations	$48,862
Registered Nurses	$48,859
Directors of Information	$46,625
Curators	$42,328
Sales Managers	$42,034
Nutritionists	$39,124
Grant Proposal Writers	$38,812
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Food Service Managers	$32,650
Physical Therapy Aides	$31,886
Client Records Managers	$30,400
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Gift Shop Managers	$27,997
Outreach Workers	$26,586
Clerk-Typists	$24,596
Medical Assistants	$24,306
Maintenance Workers	$24,013
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A Three-Step Approach to Managing Workplace Stress

Cutting stress can yield great benefits.

BY TEODOR PRETRUS & BRIAN H. KLEINER

Although stress in the workplace is inevitable, it becomes harmful when it starts to impair productivity. Unmanaged, workplace stress leads to occupational injuries and illnesses, absenteeism, inefficiency, poor morale, and high health-care costs. Here's a practical, three-step way to manage workplace stress:

Step 1 Check for stressful factors.

Begin by reviewing your records. Ask yourself the following questions:

- **Have you received any customer complaints** describing an employee as irritable or stressed?
- **Has there been an unusual amount** of absenteeism?
- **Has there been any verbal or physical conflict** among employees?
- **Is there a high employee-turnover rate** that might be caused by workplace stress?
- **Has there been an increase** in stress-related workers' compensation claims?
- **Have workers made any complaints** in which stress could be a contributing factor?

A "yes" to any of these questions doesn't necessarily prove undue stress. It does, however, mean that you need to assess the situation in more detail. Ask these questions:

Do *job characteristics* encourage stress?

- Is there insufficient time allotted to perform the job?
- Does the job require more or less skill than the employee has to offer?
- Is there a lack of task variety?
- Does the job call for high performance but little decision-making control?
- Must the employee serve demanding or difficult customers, clients, or other employees?
- Does the job involve nontraditional hours, rotating shift work, or substantial overtime?

Does the *work environment* contribute to harmful stress?

- Is the workplace unsafe?
- Does the environment make workers uncomfortable in any way?
- Is there a high risk of violence?

Do *organizational practices* result in stress?

- Is there a lack of communication and guidance about how to resolve problems?
- Do managers fail to recognize employees for jobs well done?
- Are there limited opportunities for skill development and advancement?
- Has morale been affected by downsizing or job insecurity?
- Are job descriptions and expectations unclear?
- Has there been any verbal, sexual, or other harassment?
- Are assignments made unfairly rather than based on merit?
- Do workers have little chance to participate in decisions or give input on matters that affect them?

After pinpointing potential causes of stress, ask employees how they view these factors and encourage them to suggest solutions. You can gather such information informally, in small groups or individually. An anonymous questionnaire is also a good way to gain feedback.

However you glean workers' input, the important thing is that everyone share responsibility as a team to address workplace stress. Just making an effort to assess the problem signals employees that you care about their well-being. That action alone can improve morale and reduce stress, even before you take formal anti-stress measures.

Step 2 Activate measures to reduce stress.

If jobs involve ***high demand, low control, repetition of simple tasks, or hurried pace,*** try these ideas:

- **Retrain** employees, and rotate them through different jobs.
- **Encourage** employees to delegate responsibility.
- **Supply** a greater variety of tasks.
- **Experiment** with giving employees more authority to make decisions.
- **Reorganize** the job to include other skills.
- **Offer** education and skill development for employees.

If jobs require ***interaction with demanding people,*** lessen stress with these strategies:

- **Provide** training in communication skills that includes ways to handle difficult people and defuse hostile situations.
- **Ensure** that employees can refer a troublesome person to their supervisor if they're unable to handle an unpleasant situation.

- **Hold group meetings** at which employees can discuss their mutual problems with one another.

For jobs involving ***high vigilance,*** consider the following stress-management methods:

- **Support and recognize** employees for good work.
- **Urge** workers to help plan and implement job changes to reduce the level of vigilance required for certain jobs.
- **Require** people to take regular breaks if they have a habit of working straight through.

For jobs with ***nontraditional work schedules,*** consider the following:

- **Involve** employees in the planning when switching them from traditional to nontraditional work hours.
- **Rethink** the idea of overtime. Substantial overtime may intensify workplace stress to the point that it isn't worthwhile. If voluntary overtime isn't possible, try flexible overtime hours to accommodate employees' needs.

If workers say that ***organizational practices*** are causing stress, put the following ideas into place:

- **Let** people participate in evaluating and reorganizing the ways they do their jobs.
- **Teach** managers and supervisors to be effective communicators, coaches, and facilitators.
- **Help** employees understand their limits, and encourage them to alert their supervisor if they feel they are approaching those limits.
- **Tell** employees before making job changes, and give them time to prepare.
- **Train** supervisors to recognize and reward employee achievement.
- **Hold** employee recognition events.
- **Grant** special benefits, such as employee-of-the-month awards, for outstanding performance.
- **Encourage** anonymous feedback with a suggestion box or toll-free phone number.

If employees feel that the ***work environment*** is stressful, here are some approaches that have proved successful in other organizations:

- **Provide training** to help employees perform a wider range of job assignments.
- **Support employees' efforts** to educate themselves and improve their skills.

- **Create job descriptions** that define responsibilities and lines of authority.
- **Give special attention** to employees who report to more than one supervisor. Consider simplifying the supervisory relationship. Train supervisors to be sensitive to the problems faced by employees with more than one supervisor.
- **Furnish benefits and privileges equally** to all employees.
- **Generate clear policies** regarding hiring, promotions, discrimination, harassment, and disciplinary actions. Be sure everyone understands these policies and follows them consistently. Inform employees of their legal rights and what steps the organization will take to address harassment or discrimination.
- **Institute a stress-management workshop** for employees during uncertain economic times.
- **Develop violence-prevention plans** if security risks exist.

Step 3 Track progress.

After you've created a stress-reduction plan, monitor it to assure that progress is made. Written records are useful tools to see if employees feel less stressed and approve of your changes.

Stress management is a trial-and-error process. If your changes don't improve the situation, revise the plan. Keep a record of what's working, and make adjustments as needed. Success will follow. ■

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

Visit these Web sites for more on workplace stress:

- **OSHA,** www.dir.ca.gov
- **Tampa Medical Group,** www.tampamedicalgroup.com
- **Helpdesk-Online,** www.helpdesk-online.com
- **Society for Nonprofit Organizations Resource Center,** www.snpo.org

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Important Things to Remember about Stress

- **Just because there's stress** in your organization doesn't mean it's a problem. What's critical is whether employees feel that stress disrupts their performance.
- **You can't eliminate** all stress. Focus on factors that have the greatest impact and are easiest to improve. A few "quick fixes" can make a big difference.
- **The best way** to approach stress is to get feedback from employees.
- **Personal problems** can magnify workplace stress. There's little you can do about your workers' personal lives. But concentrating on factors you can control will reduce the effect of those you can't.
- **Harmful stress** most often results from three things: (1) jobs that demand a great deal while allowing employees little control, (2) work environments that are unsafe or uncomfortable, and (3) organizational practices that exclude employee participation and input.
- **Managers are most likely to be successful in cutting stress** if they value employees' well-being, remain flexible when addressing workplace-stress problems, and keep open lines of communication with employees.
- **Reducing workplace stress** should be a team effort involving everyone in the organization.
- **Some stressful situations,** such as downsizing, budget cuts, or the loss of funders, are unavoidable. Even in those situations, however, respectful management of employees can help everyone get through the difficult time with a workable level of stress.
- **Don't set** unachievable goals for relieving stress. Aim for one-step-at-a-time improvement.

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www.nonprofitcareers.org

Us & Them:

Decoding the Language of Nonprofit-Business Partnerships

The right words can make all the difference.

BY MERYL MCQUEEN

Charity. Cause-related marketing. Nonprofit enterprise. Venture philanthropy. Whatever you call them, links between businesses and nonprofits are part of the landscape. Some become successful short-term networks. Others develop into stable, long-term partnerships. Still others are spectacular failures. How do you make sure yours is one of the successes?

The First Step

The cornerstone of partnership is communication. Get that right, and the relationship can blossom. Get it wrong, and the entire exercise is energy wasted.

So what does collaboration sound like? And how can decoding the language improve partnership outcomes, enhance staff morale, and put your organization's best foot forward?

Five Keys

To answer those questions, here is a toolbox outlining five elements of language that constrain or facilitate relationships. Analyze your relations with business in this linguistic frame, and you'll be able to isolate problems as they arise, name the underlying conflict, and address it early on. Whether you work through the issue or abandon a partnership that has little chance of success, using language as a management tool can help you make those decisions with confidence and clarity.

1 **Language matching** occurs when one partner shifts its linguistic patterns to match those of the other. You can use language matching to build rapport, establish connections, and maintain equal footing with a business partner.

Language matching can be conscious or subconscious. It is most effective when it includes changes in words, metaphors, and figures of speech to reflect the business counterpart's language. For example, you might match the corporate language of contracts and commercial viability in order to negotiate with a business partner.

This change in vocabulary can be part of a strategy to counter a perceived power differential. It is equally effective as a way through superficial differences in communication style.

2 **Social identification** is the extent to which people in one organization understand and identify with those in the other. Positive identification indicates high levels of understanding; negative identification shows low levels. This sense of association can be expressed in many ways in the conversation between nonprofit and business. A few examples will show how useful this concept can be.

The simplest form of positive social identification is the inclusive "we." When you speak of employees in the nonprofit and the business as a collective entity, you convey your belief that you're on the same side and united in purpose.

Listen to those in your organization who are involved in building the relationship with the business. Do they refer to themselves as "bridges," "mediators," or "interpreters" in conveying expectations? Do they see themselves spanning the divide and translating between cultures to get the outcome your organization needs?

If not, you're probably witnessing negative social identification. This occurs when the relationship is characterized by a sense of division, linguistic separation, and sharp distinction between "us" and "them." Phrases like "operating on their terms" and "trying to meet their requirements" may indicate a need to reassess your relationship with your business partner.

Metaphors are equally instructive. Contrast the image of a "bridge" with that of a "battle" in which employees feel like "crusaders" instead of translators.

Contrast the image of a "bridge" with that of a "battle."

3 **Personal contact** is a critical but often overlooked aspect of relationship building. It can clarify how the business views your organization.

For example, does a different person show up at every meeting? Do people sometimes not show at all? Or has the business allocated a specific individual or team to work with you?

In language around the collaboration, do you and your staff use words to show common ground and personal contact with the business? Personal contact influences how much the project is seen as shared and can be a good measure of how the relationship "feels." If your instinct mirrors your personal contact with the business partner, the relationship will be more likely to succeed.

4 Much has been made of the rhetoric of **mutual benefit** between the nonprofit and business worlds, and with good reason. Mutual benefit is an excellent motivator for both sides to join forces. However, language around mutual benefit can be deceptive, and when it appears in dialogue with a potential business partner, caution is advised.

The need for mutual benefit is well established and in itself no cause for concern. Nonetheless, the way a business expresses that desire can give you information about whether the business will make a good partner for you. For example, is mutual benefit broached as the primary topic of conversation at every turn? Does the "what's in it for us?" line overshadow more direct issues about the relationship, such as who will be responsible for what and how outcomes will be achieved? There's no right or wrong level of mutual benefit in the language of partnership, but the "how" is just as important as the "what."

Mutual benefit can reflect a spirit of compromise, a need to balance organizational imperatives with joint effort. It can also indicate inequity. Analyzing your partner's language can help you decipher which way it falls.

5 **Past alliances** are another way to assess businesses' suitability as partners for your organization. Have they had previous relationships with nonprofits? If they haven't, are they enthusiastic about the possibility? If they have, do they show negative or positive social identification about those experiences? The language of past alliances can tell you a lot about what you can expect, and what the business expects from you.

Language Matters

These five elements are tied to the power relationship between your organization and any business partner with whom you engage. Using social identification as an example, consider the connotations of "working with" someone versus "doing it their way." The latter implies bending the nonprofit to fit the business. The former suggests a mutual set of objectives to achieve together.

Nonprofit employees may be disheartened by a disparate power relationship. Language of positive social identification reinforces the mutual standing of both parties. Language of negative social identification undermines the weaker "partner" by fostering an environment of uneven power.

In combination, these five elements gel into a matrix for deciding whether to pursue a business partnership. Sometimes it will be enough to understand why one business isn't the right match and another is. At other times, this toolbox of collaborative language will help you isolate issues, confront communication barriers, and move through problem areas to build an equitable relationship. By being aware of how language mirrors, defines, and constrains relationships, you'll be better able to select the most appropriate partner for the task at hand.

Check out your current and prospective partnerships. Do you notice people matching the language of the other partner? Have past alliances been positive? Do you see examples of positive social identification, mutual benefit, and strong personal contact? If so, relations among participants are imbued with collaboration and sharing. And as the whole is more than the sum of its parts, your effort in understanding the linguistic dimension of partnership will be rewarded with partnerships that surpass expectation. ■

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CLIMB THE LADDER OF SUCCESS

Follow these 10 tips to success for your organization.

BY PAUL LEMBERG

Many nonprofit executives are talking about one thing only: survival. They are hunkered down trying to weather the storm, but they're doing it at the expense of building their organizations. Many are unwittingly sacrificing their organizations' future.

Here's the typical survival scenario: Cut marketing. Lay off marginal employees. Cut travel expenses. Lay off good employees. Fire ineffective management. Reduce your prices hoping to attract customers. Lay off effective management. Wait for things to get better. Hope for anything. Pray.

Does this sound familiar?

Of course survival isn't all bad—not by a long shot. The good side of survival makes you "lean and mean," scavenging the landscape for sharp opportunities and playing for keeps.

But there's a dark side of survival, too. With a survival mentality, you avoid risk, play things too safe, put off decisions, and delay action.

Of course, you may still be around when "things get better," but will you be in a position to take advantage of your opportunities? Perhaps—if you've conserved cash and preserved your ability to generate new customers. But if you've let your programs languish, are you going to be viable? Will you be able to compete? Will you be ready to grow during the next expansion?

We are entering what may be the greatest organization-building opportunity of the decade. While most of your competitors are still in the warm sleep of survival, it's time for you to prepare for bold action.

Here are tips to help you move beyond survival and climb back up the ladder of success. Note that this is not a tip list on "how to survive"; you've already done that. This is about transcending survival and thriving again.

1

Recognize that survival isn't a real goal. It's a staging zone, a holding pattern. A commitment to survival is a commitment to a low level of existence. Your real commitment must be to prosperity.

2

Create a vision of life beyond survival. Ask yourself: What are you surviving for? What will you do when the survival period is over—when you decide it's all right to start thriving again? What will you accomplish then? What do you want it to look and feel like next year and the year after that? If your vision is simply one of staying in business, you really should think twice about why you do all that hard work.

3

Increase your level of action. You may have slowed down during this survival period—reducing your marketing and promotional efforts, retarding program development. Now it's time to rev up the engines and get moving again.

4

Revisit your strategic plan. How much effort does it call for? If you don't know, or if your plan is no longer relevant, freshen it up or create a new one. It doesn't have to be a perfect plan, but don't just lurch into action. Don't move forward without a plan!

5

Detail the measures of activity and performance for your organization. These measures might include, for example, leads generated, relationship and networking conversations, Web hits, funds generated, and cash in the bank. Make a list of these key measures.

6

Establish a performance goal for each key measure, by week, month or quarter—whatever is most appropriate. Then, up the ante—you've most

likely slowed down, and the point here is to increase your activity. So take whatever your goal is for these items and stretch it. Reawaken the action habit.

7

Set up a system for measuring and reporting on each of these keys. Analyze the results and devise tactics to close any shortfalls.

8

If your spending needs are greater than the cash coming in, cut back everything that isn't revenue related, but don't hurt your current—or future—revenue streams. Look for ways to reduce overhead—but not marketing expenses. Here's a special word about marketing: Most likely you have cut back. Mistakenly, this is often the first area cut when people think their survival is threatened. Now is the time to bump it back up. If you don't have cash available, there are many guerilla marketing strategies that call for limited spending.

9

Get a coach or mentor. You need someone to be an unbiased and insightful sounding board, someone who can critique your plans and give objective advice.

10

Now—envision your next growth spurt. Picture your organization growing and thriving. Figure out what it's going to take, and get busy. ■

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

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INTERNAL MARKETING:

KEY TO SUCCESSFUL VOLUNTEER PROGRAMS

Use these seven steps to build long-term relations with volunteers.

BY MARK ANDREW MITCHELL
AND SUSAN TAYLOR

With a laser-sharp mission and internal marketing plan, Wheelchairs for the World has mobilized volunteers to distribute hundreds of wheelchairs throughout the world.

Today's volunteers can choose from a wide variety of options. If you want them to donate time to your organization, you must do more than recruit them. You need to assure their long-term loyalty.

It costs at least five times more to develop a new volunteer than to cultivate greater exchanges with existing volunteers. Thus, it is imperative to create an internal marketing plan focused on increasing volunteers' commitment. That plan should emphasize employee motivation by concentrating on your organizational culture.

Link Internal Marketing With Your Organizational Culture

Your culture is the set of key values, guiding beliefs, and understandings shared by people in your organization. The culture tells new employees the "proper" ways to think and act.

Culture is revealed in people's attitudes, feelings, and the overall chemistry which emanates from the work environment. An understanding of your organization's culture is critical to designing internal marketing strategies.

Manage Your Culture With These Seven Steps

You can use your organizational culture as a tool to stimulate individual performance and create long-term relationships with your volunteers by following these seven key steps:

1. Analyze your existing organizational culture. Evaluate its compatibility with your organization's objectives. Address any discrepancies between the two.

2. Decide what benefits volunteers want. Then design volunteer roles to provide those benefits. For example, volunteers seek such benefits as:

- self-expression
- the opportunity to develop specific skills
- personal challenge
- recognition of achievements
- the chance to do meaningful work and make an impact.

To create a good fit, be sure to give prospective volunteers a true picture of your organization's culture and the benefits you offer.

3. Recruit people whose values match those of your organization. Likewise, maintain a culture consistent with the values of the volunteers you'd like to recruit.

4. Design internal marketing to cultivate the desired organizational culture. Focus on the ***4 Ps*** that make up the marketing mix: ***product*** (the volunteer experience); ***price*** (the monetary and non-monetary costs of marketing; ***place*** (ease of donation in terms of time and effort); and ***promotion*** (communications between the volunteer and organization). Use relationship marketing to target people on an individual basis.

5. Plan a socialization process for new volunteers to support the culture. Focus on ***informal socialization,*** which takes place when volunteers draw conclusions about your organization by observing the surroundings, and ***formal socialization,*** which involves structured training programs. Many volunteers are drawn to an organization because of the opportunity for training. Be sure this training explains that everyone, including volunteers, must help market the organization.

6. Structure ceremonial activities to reinforce the desired organizational culture. Plan activities to recognize volunteer efforts and celebrate achievements. If you fail to do so, you risk losing your volunteers' continued commitment.

7. Maintain a feedback mechanism to foster continuous quality improvement of the volunteer experience. Solicit the advice of volunteer and paid staff. Schedule regular meetings to permit the open exchange of ideas. Use exit interviews to discover why volunteers are leaving. Then, embrace an axiom of the sales profession: Follow up; follow up; follow up. Use what you learn to sculpt a more volunteer-friendly culture. ■

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Rally Round the Mission

The first step to energizing your volunteers is to have a mission they can understand and believe in. A good example is Wheelchairs for the World (3700 Blackhawk Plaza Circle, Danville, California 94506, 877-378-3839, wheelchairsfortheworld.org), which leads an international effort to deliver a wheelchair to every man, woman, and child who needs one.

Wheelchairs for the World attracts volunteers and partners because of its focus on one specific, basic need—mobility for the more than 20 million people in the world who need a wheelchair but can't afford one. This mission underlies everything it does and gives supporters a clear sense that they are making an important impact. Nothing is more motivating than people's belief that what they do matters.

The Seven Pillars of Social-Enterprise Success

Here are the seven business ideas most useful for nonprofit entrepreneurs.

BY FRANK VILLENEUVE-SMITH

As more and more nonprofits develop social enterprises, this new field is working hard to generate its own body of thought. Meanwhile, what business principles can we translate to a social-enterprise context in a way that's relevant and meaningful? This article outlines the seven most useful ideas that can start just such a translation.

Pillar 1: Know what business you're in.

"Know what business you're in" is a standard mantra for any MBA student, but it's even more vital for a social enterprise. It's easy to assume that you're in the same business as the cause your social enterprise is supporting—with disastrous consequences.

For example, an environmental visitor center in England had trouble attracting visitors because its leaders thought they were part of the environmental movement. They weren't: They were in the tourism business. As a result of their misconception, their strategy, priorities, and organizational culture were out of step with their needs.

Don't let that happen to you. It's essential to focus on the business you're in, not the cause you support. Doing so can be challenging, since staff members will likely find the cause more inspirational than the business. Thus, social-enterprise leaders need to manage and sell that change in understanding.

Pillar 2: It's not about you.

The first three rules of the successful market-led organization are: Focus on customers. Focus on customers. Focus on customers. These rules are as true for social enterprises as for any business. Some nonprofits, however, aren't interested in customers but only in the social outcomes of their organization. In other words, it's about them.

An example from the UK is the Guide Dogs College, which trains professionals to work with people who have a visual impairment. At first, the College viewed its customers almost as an inconvenience. Rather than focusing on its customers, the College focused on its role in the field of visual impairment. This mistaken priority caused a decline in sales of its training, which had become out of step with the needs of its customers. The College has had to work very hard to reorient itself for success.

Another example is "funder focus," which occurs when an enterprise depends on third-party funding and focuses its strategies around the funding criteria rather than the customers' needs. Funder focus can destroy the organization's ability to deliver value to customers.

Pillar 3: Stop talking amongst yourselves.

Few social enterprises are household names. With surveys showing that social and ethical factors are important to customers, this begs the question—where are the social enterprises?

To help answer this question, it's worthwhile borrowing from the work of Geoffrey Moore.[1] To explain why some technology companies succeed while so many others fail, Moore asserts that there is a "chasm" between the "introduction" phases and the mass market. This chasm is driven by the tech companies, who like techno-speak and technical people. Thus, the only customers these companies focus on are people like themselves, who share their "language" and interests—a very small percentage of the population. This communications gap makes it difficult to secure support and funding.

The parallels between this situation and social enterprise are clear. Many social enterprises rely on a customer base that broadly shares their aspirations, val-

"Crossing the chasm" means talking to customers who don't automatically share your values and interests.

ues, and goals. Simply put, they're happy to talk amongst themselves, limiting their growth potential. Potential sources of funding are closed off, because the enterprise doesn't share the language of mainstream funders.

"Crossing the chasm" means talking to customers who don't automatically share your values and interests. Your challenge is to develop your products and services in a way that is accessible to different segments of society.

Pillar 4: It won't work forever.

Many social-enterprise leaders believe their social/ethical stance gives them an advantage over their mainstream competition. While there's some truth to this belief, there are two cautionary notes.

First, all competitive advantages erode over time. As Nigel Slack notes, factors that are "order-winners" for businesses become, in time, minimum "qualifiers" and, eventually, "less important" factors. This is because anything that gives an organization an edge over its competitors can be copied and because customers seek products and services that continually improve.[2]

The erosion of competitive advantage from being a social/ethical organization will likely prove no different—it will move from being an "order-winner" to a "qualifier" over time. An example from the UK is Beauty without Cruelty, a cosmetics organization which gained a competitive edge in the 1980s and early 1990s because it didn't test its cosmetics on animals. Since then, this anti-animal-testing stance has eroded as a form of competitive advantage. Now, for many customers, it is merely a "qualifier," with customers seeking better products, more attractive retail environments, *and* a robust anti-testing stance.

Second, the business environment changes. Customers' tastes and preferences, competitors, legislation, and innovation all affect your business model exactly as they impact a mainstream business. To become sustainable, you need to continually match your organization to the business environment. Resting on your ethical laurels is unlikely to be enough in the long run.

Pillar 5: That which makes you stronger, kills you.

Danny Miller finds that businesses often fail because of the very competencies that originally caused their success.[3] This "Icarus paradox" also applies to visionary leadership in social enterprises. Visionary leaders are effective at securing funding, motivating staff, and delivering real social change. But their strengths may hold the seeds of their greatest weaknesses. For example, the power of their vision can blind them to vital information that conflicts with that vision. Visionary leaders may also find it difficult to work in partnership with other stakeholders and to delegate responsibility.

In social enterprises, these drawbacks are usually outweighed by the advantages of having a visionary leader. However, social-enterprise leaders will need to work to avoid these pitfalls, especially as the organization grows.

Pillar 6: Know your scale.

Even if you're a large, respected social enterprise, you'll most likely be a small business. If you don't understand the difference between the two, you're apt to make poor decisions.

For example, an ethical retail chain in the UK was able to achieve near-record levels of socially invested share capital. The leaders of this social enterprise were so delighted by its success that they invested in a head office, a London PR company, and a design agency, and traveled to international conferences on a regular basis.

However, their view of their success was inflated. The sum of the business was three medium-sized retail outfits—large for a social enterprise but small for a business. Not surprisingly, the enterprise, which also failed to heed the previous five pillars, quickly ran out of cash and had to recruit a turnaround manager.

The dissonance between your scale as a social enterprise and your scale as a business can make managing growth challenging. To avoid the dangers, keep a benchmarking eye on equivalent-size for-profit organizations.

Pillar 7: Learn from anywhere.

Social enterprise is a relatively new field, still finding its way in terms of effective business models and best practices. This means that there's no "right" answer and few places to go to develop learning. Thus, you need to be open to learning from anywhere.

It's easy to see what makes your business model different from for-profit enterprises and other social enterprises. It requires a much greater openness and flexibility to identify similarities and use them to develop reflective practice.

In addition, many case studies surrounding social enterprises champion the successes of leading enterprises. This practice is informative and inspirational. However, many new organizations fail, and few find growth easy to attain. Consequently, it is worth exploring causes of failure to help avoid the pitfalls.

Even if you're a large, respected social enterprise, you'll most likely be a small business.

Conclusion: Keep borrowing.

As new business models continue to emerge from the field of social enterprise, a new set of best practices will emerge, ideally fitted for the sector. In the meantime, it's worth borrowing where appropriate from mainstream business thinking. The above seven pillars all find their origin in for-profit best practices.

Borrowing needs to be done creatively. It's not enough to take a for-profit model or framework, scrub out the word "business," write "social enterprise" in its place, and hope it will serve. Nevertheless, keeping a weather eye on commercial models can be a source of reflective practice for social-enterprise leaders as the sector develops. The key is to be flexible and open in finding ways to learn and grow. ■

Footnotes

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Frank Villeneuve-Smith is the business manager of the Guide Dogs for the Blind Association's College in Surrey, England, where his task is to develop the College into a viable social enterprise. Frank started out in for-profit sector sales and marketing before gaining an MBA with Distinction from Warwick Business School. Since then he has worked for a variety of social enterprises, translating his commercial experience into useful ways of tackling social-enterprise issues. Frank is keen to hear your feedback, ideas, and any interest in the development of more in-depth work. He can be contacted at frank@villeneuve-smith.com.

New Adventures in Volunteer Recruitment

Here are two useful guides for volunteers and the nonprofits who need them.

BY TERRENCE FERNSLER

How You Can Help: An Easy Guide to Doing Good Deeds in Your Everyday Life

By William Coplin, PhD. 260 pages. Softcover. New York: Routledge.

This book is a potent reminder that there are many people who want to help and a multitude of ways for them to do so. The challenge is to match their talents and resources to your organization's needs.

William Coplin is effective in explaining how people can do the most good for their community. He describes a variety of ways people can give–as consumers or investors, as students or retirees, through family life or the workplace. He shows how people can use their skills to solve social problems and create change, whether by working with existing organizations or forming new ones, in their spare time or daily life.

Throughout the book, Coplin gives living examples of people who do good, whether it's by spending a few hours a week volunteering, contributing a percentage of their income, or devoting their entire lives to helping others. There are examples for all levels of commitment here.

Why is it important to read this book? It highlights the benefits of being flexible enough to encourage all kinds of people to help your organization in all sorts of ways. Understanding the resources, needs, and desires of volunteers and donors will help you target them for the good of your organization and its mission.

The Back Door Guide to Short-Term Job Adventures

By Michael Landes, 328 pages. Softcover. Berkeley: Ten Speed Press.

Have you ever wondered how organizations are able to attract volunteers and use them effectively? If so, here is the answer. If you can think creatively, this book will help you come up with many new ideas.

In this comprehensive guide, Michael Landes helps prospective interns and volunteers decide what they want to do, gain the experience they need, and find the right organization. This is all information you can use to provide fulfilling opportunities for your volunteers. You will learn how other organizations use these jobs to increase efficiency and productivity. You will also see what prospective interns and volunteers expect.

Over 500 organizations are profiled. There are opportunities for all ages and life cycles—beginning a career, changing a career, or entering retirement. There are adventures for the short term (as little as one week) and long term (up to two years).

This is certainly the book to have if you're looking for a new adventure. It can also serve as a catalyst to re-energize your intern and volunteer programs.

Terrence Fernsler is development director for Columbia-Pacific Resource Conservation and Economic Development District in Montesano, Washington.

❑ *Need Innovative Employees? Think Creatively*

Here are some ways to increase employees' creativity on the job:

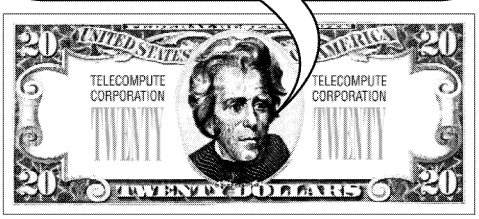
- **Be positive.** Praise employees who come up with innovative ideas. Show that you appreciate the idea even if it isn't on target.
- **Make the process easy.** Asking people to write ideas on a form can reduce the number of ideas you get. Stimulate creativity by letting people share their ideas verbally.
- **React quickly.** If an idea sits on your desk for a week before you respond, you'll have deflated the creative energy behind it—and possibly the employee's enthusiasm.
- **Look outside the loop.** Many inventions come from people outside the field of expertise. Invite ideas from the widest range of experience, job levels, education, social status, age, and so on.
- **Try a change of pace.** Have employees tackle new jobs and work on different projects. The further afield the experience, the greater the creative potential.
- **Expect things to happen by chance.** When you create an environment of creativity and innovation, you'll find things "fall into place." ❑

—Adapted from *Entrepreneur* magazine

❑ *Study: 71% of Online Donors Give Weekdays from 9 a.m. to 6 p.m.*

Approximately 71% of all event-related online donations are made during work hours (weekdays from 9 a.m. to 6 p.m.), according to a study by Kintera Inc. (www.kintera.com). Only 29% of online giving occurs during evening and weekend hours.

What does this mean for charities? "The workplace offers an exciting new window of opportunity for giving," says Harry Gruber, CEO of Kintera. "The Internet provides the quickest, least intrusive, and most satisfying method of charitable solicitation. Nonprofits that have not yet developed an online component to their fundraising efforts are missing a key factor in their fundraising success." ❑



Take the Stress Out of Change

The world changes quickly, and it's up to you to adjust. Of course change is stressful, but it needn't get the best of you. Try these strategies to cope with a changing environment:

• **Write down the pros and cons of an impending change.** Much of what gets us worrying about change is not knowing what the change will mean. But if you sit down and figure out the ramifications of what, say, a merger means to your organization, you'll be able to eliminate the fear of the unknown. List the downsides and potential upsides. Don't assume the worst without looking at the positives the change has to offer.

• **Do your homework.** If your organization is merging, research the culture of the other organization. Find out who's who. Arm yourself with information about the people with whom you'll be working.

• **Network. Network. Network.** When you find that your team is being restructured, get to know as many of the new people as you can.

• **Take the initiative.** Show that you're flexible and willing to adjust to change. Not only will others feel better about you, but you'll feel better about change.

Those Who Use E-mail Raise Six Times More Money

A new study finds that nonprofits who raise money via e-mail generate exponentially more in both online and offline contributions than those who don't use e-mail to solicit donations. Participants in the study who used e-mail raised, on average, $327, while those who didn't use e-mail raised $55. For more, see www.kintera.com.

Are You Ready to Collaborate?

In collaboration, unlike coordination or cooperation, organizations are expected to change to create a better system of services. That's why collaboration needs to be nimble, as Karen Ray explains in her splendid book, *The Nimble Collaboration: Fine-Tuning Your Collaboration For Lasting Success* (Wilder Foundation, www.wilder.org).

A nimble collaboration, according to Ray, is one with clearly defined results, skillfully handled relationships, and a resilient structure. Such collaborations are essential in today's rapidly changing environment.

There are two main reasons to collaborate—to provide better service for customers by integrating services, or to resolve complex issues. Sometimes collaboration is intended to accomplish both. Ray helps us understand when service integration is really the issue, and at what point it is important. Service integration is not a project, she emphasizes; it is a commitment organizations make.

Ray offers the steps to develop a nimble collaboration. For new and veteran collaborators, her book presents a way to build relationships that create results, far beyond what one organization could accomplish alone.

—reviewed by Terrence Fernsler

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Keep Good People by Asking These Questions

A recent Gallup poll pinpointed 12 issues that the most talented and productive workers find vital to their satisfaction. Ask these questions about workers at your organization, and then change every "no" to a "yes":

1. **Do employees know** what is expected of them?
2. **Do they have the opportunity** every day at work to do what they do best?
3. **In the past seven days, have they received** recognition and praise for good work?
4. **Do they have the materials and equipment** they need to do their jobs?
5. **Does someone at work** seem to care about them as a person?
6. **Do their opinions** count?
7. **Does the organization's mission** make them feel that their work is important?
8. **Is there someone at work** who encourages their development?
9. **Are their co-workers** committed to doing quality work?
10. **Do they have good friends** at work?
11. **In the past six months, have they talked with someone** about their progress?
12. **Have they had opportunities** at work to learn and grow?

—Adapted from International Association of Administrative Professionals Web site

Mixed Financial Picture for Nonprofits

While nonprofits' financial picture has brightened since the end of 2002, they still face serious challenges, according to a recent survey. GuideStar (www.guidestar.org), a national database of nonprofit information, asked nonprofit leaders how their organizations fared financially during the first nine months of 2003 compared to the first nine months of 2002. The results: 39% say donations have increased; 35% say donations have decreased; 22% say donations are about the same; 4% don't know. The majority, 70%, say that demand for their services has grown, with 31% stating that demand has risen greatly. A number note that they must work harder to garner the same level of donations and that their expenses have increased. Thus, even nonprofits that are receiving more support are facing great challenges.

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