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NONPROFIT WORLD

The National Nonprofit Leadership and Management Journal

Volume 22, Number 6 | November/December, 2004

It's Time for a New Fundraising & Marketing Model

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Purpose

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

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

on the cover

The American Society for the Prevention of Cruelty to Animals (ASPCA), through its Web site (ww.aspca.org) and its adoption partner (www.petfinder.com) lets people search for adoptable pets online. The organization's fundraising success has skyrocketed since it began using the Internet to involve people in its mission. For tips on using the Internet as a strategic fundraising and marketing tool, see page 17.

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Lean and Mean?

Effective leaders share a belief in others and a disdain for bureaucracy. The two traits go together, because when a leader empowers people, the stage is set for a productive, flattened, nonbureaucratic culture.

One powerful way to see if an organization is fat or flat is to call people at higher levels of the organization: Are they accessible? Or are they hiding behind countless layers of gatekeepers? How many minutes, hours, days, weeks does it take to connect with someone?

In *Less Is More* (New York: Penguin Putnam, www.penguinputnam.com), Jason Jennings describes interviews he conducted with leaders of successful organizations. Bureaucracy of any kind is anathema to them, he reports, because bureaucracies waste money, show disrespect for workers, and destroy team spirit. (For eight steps to drive a stake through the heart of bureaucracy, see "How to Blow Up the Bureaucracy" on page 32.)

You don't have to be lean and mean to produce results, as Merrill Douglass explains on page 23. Instead, be lean and friendly. Abolish duplication, cut out unneeded steps, and simplify processes. Have faith in people. Give them your trust and the tools they need, and they will get the job done.

Earn people's trust by trusting them first.

Nonprofit success is all about people. It's about earning people's trust by trusting them first. It's about forging relationships with staff, volunteers, and constituents. It's about building an unshakeable web of support with donors (see "The New Marketing Model for Nonprofits" on page 17 and "How to Market Planned Giving to Donors" on page 6).

While great leaders possess a lean spirit, they don't cut and pare at the expense of people. They know the importance of creating a culture that supports a belief in people at all levels, as Jennings' study makes clear. Knowledgeable leaders initiate a culture and then work hard to make the culture bigger than any one person, including themselves.

The spirit and culture of successful organizations are "as much an intrinsic part of the work environment as lighting or air," Jennings asserts. Since people breathe in their organization's culture, they can articulate what they know is real and true.

In such an organization, things get done quickly, and response to a request or question is instantaneous. Communication is fluid, tying employees to each other and to the organization's customers.

Communication is one of the keys to a cohesive organization, as David Mason tells us in "How to Build a Cohesive Organization" (page 26). In a nonprofit organization, communication must do more than transmit information. It must also inspire, motivate, and build bridges between people. It must proclaim trust, and it must help people share in a dream for the future.

As Mason says: When people believe something is going to happen, they behave as though it is going to happen.

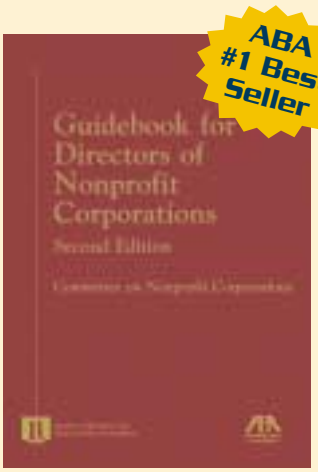
Then it often does happen. ■

Jill Muehrcke

Jill Muehrcke
Editor, *Nonprofit World*

www.ababooks.org

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



Nonprofit Governance Library

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

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

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LETTERS *to the editor*

Let's Keep Politics Out of Volunteering

While thousands of volunteers serve in America's marginalized communities, partisans in Washington wage an ideological war. The world of national and volunteer service seems oddly divided into two camps, too often around party lines.

One camp is dedicated to enabling more Americans to serve through programs such as the Peace Crops, AmeriCorps, or Senior Corps, but often with little attention to those volunteers who serve locally without government support. The other camp supports traditional volunteers, but often opposes any federal investment in national service programs.

For the sake of strengthening our country, it is time for the two camps to join as one.

What's disappointing is how difficult it has been to create opportunities for many Americans who simply want to serve their community and country. In the midst of this debate, we're losing the opportunity to engage millions of additional Americans in service. Many Americans would be surprised to learn how hard it has been to increase the number of Peace Corps volunteers, which number only 7,500 today, even though more than 200,000 Americans have expressed interest in the program since September 11, 2001.

Citizen Corps, an effort that has engaged hundreds of thousands of community volunteers to support homeland security, received federal support only after intense and repeated efforts. The vast majority of American citizens and leaders support these programs on the home front and in countries around the world, especially after the September 11 attacks.

The AmeriCorps program, despite its widespread popularity in local communities, is the subject of a divisive debate in Washington every year. Even today there are efforts to dismantle or severely cripple AmeriCorps, despite tremendous support for programs like Habitat for Humanity and Teach for America, which are populated by AmeriCorps participants.

Opportunities exist to support volunteer service among Americans in nonprofits that aren't within reach of AmeriCorps. We call upon Congress—those on both sides of this issue—to resolve the conflict over national service and invest in volunteering as well. There should be a significant federal investment in our volunteer centers and intermediaries, matched by local community resources, competitively administered and accountable for results, to increase the capacity for Americans to volunteer.

Service, through national or community programs, is what defines us as Americans. It also can be a powerful antidote to the sense of helplessness many Americans feel today. For the sake of building a culture of service and citizenship that fulfills our nation's promise, it is time for us to join together in a bold and united front of service.

John Bridgeland, CEO, Civic Enterprises, Washington, D.C., and Michelle Nunn, CEO, CityCares, Atlanta, Georgia

Reader Offended by Volunteer Inference

To suggest that people who want to work without pay are likelier to steal or waste money is flat wrong, extremely damaging, and a smokescreen. Being unpaid is not a factor in financial mismanagement or fraud.

John Owen ("Nonprofits without Audit Committees Risk Disaster," Vol. 22, No. 2) is right that nonprofits need audit committees and that boards lacking financial expertise can be blindsided by looming disasters. But he's wrong to suggest that using volunteers makes nonprofits more vulnerable to financial improprieties.

Organizations grow, and grow safely, by using volunteers to do important work. In my personal experience, volunteers are no more likely than paid staff to mismanage or defraud. Those who are paid are more motivated by money, and some of them help themselves. As a volunteer, I've been invited to take gifts. Where's the corruption?

Where the problem may occur is in refusing to manage volunteers as one manages paid employees. Managers must match volunteers to the right jobs and measure their performance just as with paid staff. Lowering what's expected from volunteers because they're not paid harms the organization. Allowing a paid manager to lessen what volunteers do selfishly undermines nonprofits' missions. No correlation exists between amateurism and volunteerism.

Doing as much as we can for a nonprofit's mission takes hard work, and that takes committed people. Many are volunteers. We must look at all our work carefully for legal and financial liabilities. We must look at all our production for quality, to be sure we're meeting constituents' needs as well as we can. We must raise standards all around to increase public trust in nonprofits' performance. ■

Nick Levinson, New York, N.Y.

FIRST *alert*

Do Your Managers Know the Law?

Last year the Equal Employment Opportunity Commission (EEOC) resolved 87,755 charges of employment discrimination for $236 million. The largest number of EEOC complaints (35.1%) came from allegations of race discrimination, followed by claims of retaliation (27.9%), age discrimination (23.5%), and discrimination based on an employee's or applicant's disability (18.9%). The figures add up to more than 100% because some complaints alleged more than one kind of discrimination.

These statistics suggest that managers aren't being trained in employee law—a dangerous situation in today's litigious environment. Such training needn't be costly, but it must be consistent so that all managers and supervisors know how to comply with labor laws.

For helpful products, including training videos, labor-law-compliance posters, software, and HR forms, see www.gneil.com. Also see these *Nonprofit World* articles at www.snpo.org: "How to Avoid Retaliation Claims" (Vol. 21, No. 6), "Protect Yourself Against Employee Lawsuits" (Vol. 15, No. 2), "Your Duty to Investigate Workplace Complaints" (Vol. 19, No. 3), "How to Accommodate Disabilities under ADA" (Vol. Vol. 18, No. 5), "The Failure of Diversity Training" (Vol. 18, No. 3), "Managers Must Become Multicultural" (Vol. 20, No. 6), "How to Avoid Age-Discrimination Lawsuits" (Vol. 15, No. 6), "The Most Likely Lawsuits—and How to Protect Yourself" (Vol. 19, No. 1), and "Don't Be Sued for Negligent Hiring" (Vol. 21, No. 3).

The Eyes of the IRS Are on You

The IRS (www.irs.gov) plans to hire 70 new employees to deal with nonprofit-related issues. It is looking closely at nonprofits' internal control systems. Such systems must be strong enough to prevent fraud and the inadvertent diversion of assets to terrorists, two main areas of IRS focus. The IRS has also opened an Exempt Organizations' Electronic Initiatives Office to facilitate electronic filing of Form 990.

Car Donation Rules Explained

Legislators have recently raised concerns that donors are taking overly generous deductions for their donations of noncash items, especially cars. In response to these misgivings, the IRS has outlined car-donation rules in two new guidebooks, one for donors and one for nonprofits that receive donated cars (Publications 4301 and 4303).

Programs in which a nonprofit uses a donated car in its own activities, sells the car itself, or monitors an agent to sell the car on its behalf don't usually pose a problem, according to these guidelines. A program in which the nonprofit lets a for-profit solicit cars in its name, on the other hand, is likely to attract IRS scrutiny. The rules also stress that a car's blue-book value is only the starting point for determining its deductible value; the actual fair market value of a specific car may be much lower. For more information, see www.nonprofitissues.com and www.irs.gov.

New Disability Rules Set

The Access Board has issued new guidelines detailing how organizations should achieve accessibility in new construction and alterations to their buildings. The requirements, which cover the design of entrances, ramps, parking, restrooms, telephones, and the like, have been revised to keep pace with technological innovations. These criteria serve as the baseline for standards used to enforce the Americans with Disabilities Act (ADA). See www.access-board.gov.

New "Depression Calculator" Helps Employers

A new online tool is available to help employers estimate the cost of depression in the workplace and the savings possible through treatment. The tool estimates the rate and cost of depression based on your organization's size, type, and location and the ages and genders of your employees. It also estimates the savings you could expect if employees obtain treatment.

The cost of untreated depression in lower productivity and higher absenteeism is huge, yet it is among the most treatable of all illnesses, according to the American Psychiatric Association (APA). For more information, see www.psych.org and hr.cch.com.

How to Market Planned Giving to Donors

Are you taking advantage of this remarkable resource?

BY: BARTHOLOMEW A. SEYMOUR III

The '80s may have been the "me decade," but as Baby Boomers reach retirement and the transfer of their wealth approaches, the future may hold the "we decade."

Many hard workers have accumulated sizable wealth and now face the challenge of passing along their assets in a financially productive way. They're seeking solutions tailored to their financial situation and value system.

They are discovering planned giving.

Essentially, planned giving is the charitable portion of an overall estate plan. Donors decide how to disburse assets, and plans are structured so that donors and their beneficiaries both derive the greatest possible benefit.

Charitable organizations have a unique opportunity—a chance to extol the mutual benefits of planned giving to their existing donors and to recruit new contributors through a targeted marketing campaign.

The question is *How?* How can your organization tap this expanding resource? When a potential donor asks about the benefits of planned giving, what will be *your* response?

Will Power?

The classic example of planned giving is a legacy in a will ("I leave my favorite charity $100"). Standing alone, a will can be an inefficient document. Wading through notoriously slow and overburdened probate courts can be emotionally and financially taxing to a family coping with the loss of a loved one. For those who have built some wealth, taxes can take a large financial bite, with federal tax rates approaching 50%.

Although a well-crafted, legally sound will is a vital part of any estate plan, informed individuals don't rely on wills alone. They create trusts to accomplish their objectives.

Learning to Trust

Trusts are separate legal entities designed to manage and distribute funds. Trusts have several estate-planning advantages. When teamed with a properly drafted will, a trust can reduce or even eliminate taxes that would otherwise be payable. Unlike wills, the terms of a trust may be kept confidential. A trust often pays for itself when it avoids the costs of probating a will.

Several factors have driven the increasing importance of trusts as an estate-planning tool. With increases in average family wealth, more people find themselves meeting the threshold to pay estate taxes. Despite some modest legislative relief, estate taxes affect many people who don't consider themselves wealthy. Most commonly, couples create revocable trusts that maximize the amount of assets that can be transferred tax-free.

As more and more people establish estate-planning trusts, the planned-giving component is also gaining recognition. Trusts provide a unique array of benefits to both donor and charity. Assets, which would otherwise be subject to extreme estate tax rates, pass completely tax-free to charities. For example, a trust might provide that "my trustee shall pay my favorite charity $100."

'Tis Better to Give

Estate taxes can be avoided when an estate plan gives to a charity at death. However, more comprehensive estate planning can increase the tax benefits associated with giving money to charities. This is an area where the tax law permits people to have their cake and eat it too. Arcane acronyms such as CRUTs and CRATs identify a breed of trusts which can be tailored to provide the following benefits:

- The donor obtains an immediate tax deduction.
- The donor receives a guaranteed yearly income from the donated assets.

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- Assets that would normally be taxable are removed from the donor's estate.
- The charity receives an irrevocable gift at the time of the donor's death.
- While some types of trusts operate most efficiently under high interest rates, there are numerous techniques involving charitable trusts that are designed to work best under low interest rates. A well-designed trust will provide the optimum return on a charitable investment in almost any economic context. Such an investment is completely immune to market forces, to the whims of the Federal Reserve, and to ever-changing political and legislative efforts.

Altruism—a Truism

Tax benefits and financial security aside, altruism is still the greatest motivation for charitable donations. Placing money in a charitable trust gives donors the pleasure of knowing that their contributions will be spent as they wish. The terms of any trust can set restrictions to assure that the donor's intent is followed.

The donor enjoys both philanthropic satisfaction and generous tax benefits. If the trust is designed to bestow a gift upon a donor's death, then the donor can decide whether or not to notify the charity of the future gift. If the gift is made known, the charity can plan how best to use the expected money.

Fringe Benefits

As attractive as planned giving can be to donors, it is equally desirable for nonprofit organizations. A commitment to planned giving helps nonprofits achieve those precious budgetary elements: *security* and *predictability*. Through planned giving, organizations can build endowments and plan for future expenses.

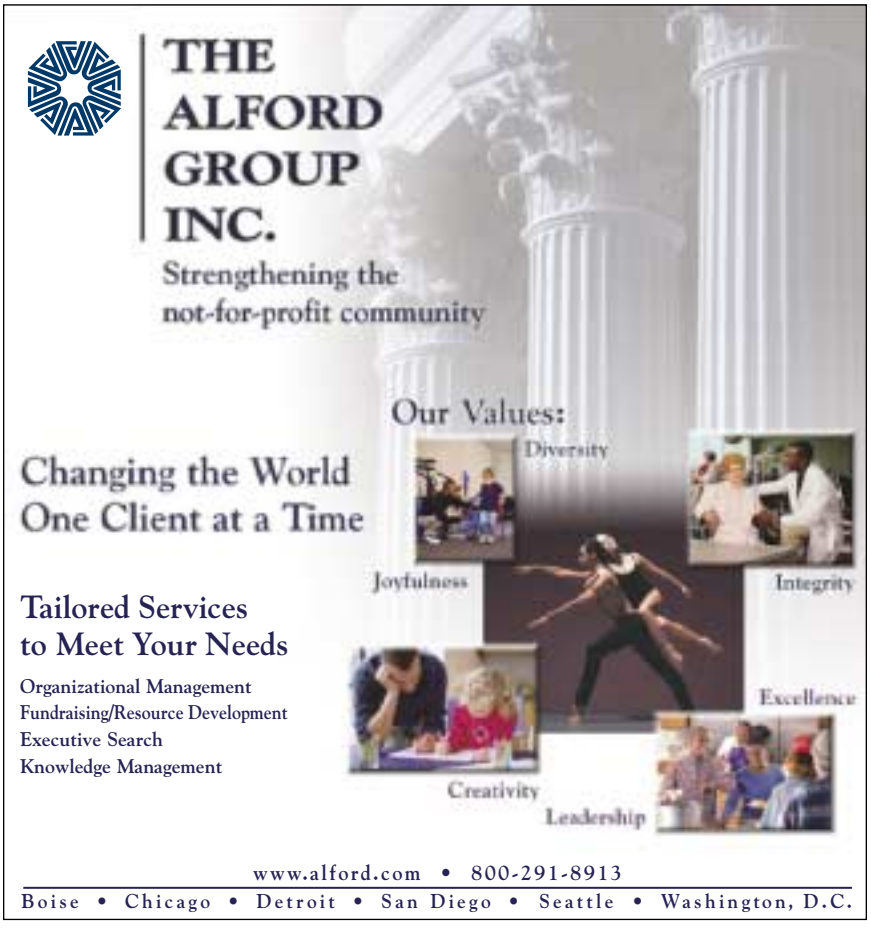
The promise of tax benefits, as well as a secure flow of interest, has not only made charitable trusts more popular, but has increased the size and frequency of donations. Particularly in uncertain economic times, when the amounts of charitable gifts tend to sag, funds received from planned giving can be a lifesaver.

Market Value

So what can your organization do to market the benefits of charitable trusts? What concrete steps can you take to make donors aware of planned-giving benefits? Here are the key steps:

Create bonds with your donors. One advantage of planned giving is that it almost always equates to long-term giving. Thus, you have plenty of time to build a relationship with the donor. Use this time wisely. Establish yourself as a quality organization and a responsible handler of donated funds. The traditional measure of administrative costs vs. dollars received/spent is an important indicator of an organization's efficiency and fiscal integrity. Be prepared to divulge this ratio upon the donor's request. Keep administrative costs low and net charity spending high. Responsible donors may also ask to see documentation of recent tax returns as well as several years of annual reports. The more documentation you provide, the more you will cement donors' trust. Ultimately, this trust leads to larger donations.

Convey a consistent message to your staff, board, donors, and potential donors. A steady, grounded nonprofit with a strong sense of identity inspires giving and instills confidence in your employees and contributors. Everything—from newspaper articles to newsletters—reflects on your organization. Consistency translates to security. A secure, professional organization will



CREATIVE FUNDRAISING IDEAS

Invite Sponsors to a Preview Party

To thank sponsors of your special event, invite them to a preview party before the event. Special touches for preview party attendees might include: valet (or preferred) parking; distinctive name tags; a corsage or boutonniere; champagne; and public introduction at the main event.

Consider a Basket Instead of a Fee

Instead of charging a fee for your event, leave a basket out for donations. A basket often raises more money than a fee. See "Special Events Galore!", published monthly for $79 per year by Stevenson, Inc., www.stevensoninc.com.

Try an Evening Walk-a-thon

Making your walk-a-thon an evening event might add the twist needed to boost attendance and involvement. More than 1,200 people participate in Boulder County's AIDS Project's Midsummer Night's 5K walk, held from 5:00 to 10:00 p.m. each summer in Boulder, Colorado. Booths and bands along the route enliven the event.

stand out of the pack as an attractive charitable option. If people know they can depend on your communications, they'll listen when you tell them about planned giving and trust what you have to say.

Make planned giving an organizational priority. Reinforce the importance of planned giving whenever you have a chance. All levels of your organization need to be "on board" and fully engaged in making planned giving a top priority. From board members and the executive director on down, planned giving should be emphasized, recognized, and maximized.

Establishing a planned-giving committee is an effective way to keep your organization dedicated to planned giving. A committee can provide structure and oversight, maintaining overall focus and improving strategic coordination.

Pursue an aggressive marketing campaign. Don't limit your pursuit of new donors to any one group of people. Personal contacts are tremendous assets—use them. Although it's unreasonable to expect every contact to develop into an eventual donation, a network of friends and associates will help spread your message and establish valuable relationships.

Existing donors are an oft-overlooked source of funding. Never take charitable relationships for granted. Rather than treating existing donors as "sure things" whose names come up once a year on a mailing list, cultivate an expanded relationship with them. Don't forget, they've already proven their willingness to support your cause. They're perfect candidates to approach about planned giving.

Planning for the Future

Planned giving offers many rewards for both the donor and the charity. For donors, the financial benefits, coupled with the support of an important cause, make planned giving a valuable part of a larger estate plan. For charitable organizations, planned giving can help with financial planning, strategic development, and marketing to new donors, ensuring a reliable and sustainable source of future funding.

The concept is simple. The benefits are many. It's our job as nonprofit organizations to reinforce this message and encourage our contributors to learn more about this mutually beneficial option. ■

Resources

Behan, Donald F., "Planned Giving with Gift Annuities," *Nonprofit World*, Vol. 14, No. 2.

Clough, Leonard G., "Why Planned Giving?", *Nonprofit World*, Vol. 12, No. 2.

Lang, John, "Put the Government on a Tax Diet with a CRT," *Nonprofit World*, Vol. 14, No. 6.

Remley, Dirk, "Relationship Marketing: Guaranteeing the Future," *Nonprofit World*, Vol. 14, No. 5.

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

Bartholomew A. Seymour III sits on several nonprofit boards. As an estate-planning attorney with Bloomfield Hills, Michigan-based Monaghan, LoPrete, McDonald, Yakima, Grenke & McCarthy (www.mlmygmlaw.com), Seymour specializes in nonprofit law, including planned giving to nonprofit organizations.

A Message from Your Lawyer

BY GARY OVERSTREET

I'm an employment defense lawyer, and I've represented many nonprofit organizations, some very large and some very small. I'd like you to assume that I'm your defense lawyer, or at least the defense lawyer for your organization. Assume further that your organization, and perhaps you too, as a board member, have just been sued in employment litigation.

As I drive to meet you for the first time, following are the thoughts I wish I'd expressed to you long before this litigation arose. They represent common problems found with board involvement in personnel decisions.

Remember Who You Are

As a practical matter, you've been recruited to the board because your talents are publicly known, and your nonprofit organization wants to grab those talents. Legally, however, the board only makes decisions, and you, as a board member, are merely one vote in that decision.

Realize Your Unusual Setting

You and your fellow board members come from different backgrounds, meet infrequently and for short periods, receive virtually no compensation, perceive your involvement as a labor of love rather than commerce, and effectively have no boss.

In this setting it's easy to act informally, rather than following your articles, bylaws, employment handbooks, and policies. And it's easy to act individually and forget that you're just one member of the board. It's common for staff members to seek you out to solve their individual problems, rather than go through the proper channels. Unfortunately and all too often, nonprofit board members assume that employment laws and employment litigation apply only to IBM and not someone like you and your nonprofit organization.

Assume Every Comment You Make Is Public

A U.S. Senator, not long ago, learned that his diary wasn't private, and he found his entries, regarding blow-drying his hair, in national publications. I suppose we would all behave better if we were, at all times, on video tape. Likely, none of us wants such a world, but, as your lawyer, I absolutely would like you to speak, at all times, as if you were on video tape. This is particularly important when speaking on a personnel matter having potential for trouble.

Comments made in board meetings, even in executive session, aren't privileged; comments between board members, in parking lots, or by telephone, aren't privileged; "confidential" conversations with your organization's executive director aren't privileged. In general, your only privileged communications are with your lawyer, your clergy, your spouse (not someone else's spouse), and your doctor. These privileges can be lost if the communication is in the presence of someone not your lawyer, clergy, spouse, or doctor.

Profanity, slurs, and informal observations that a particular employee may be nuts, are particularly hurtful. In a Disney employment lawsuit, it didn't help that a Disney executive had to admit that he had once said of the plaintiff, "I hate the midget."

Act as a Board , Not an Individual

Executive directors and other staff employees become your friends, and when these friends bring you their personal problems, it's easy to fall into giving advice rather than deferring to your organization's personnel policies and procedures for response to such problems. In litigation, plaintiffs' lawyers love to tell juries that board members neither knew of, nor followed, their organization's policies and procedures.

Comments between board members aren't privileged.

Be Sure All Members Have the Same Information

Those same plaintiffs' lawyers love to tell juries that board members were split on a decision and based their votes on different information. There's nothing wrong with being split on a decision–if everyone has the same data. But voting when even one board member lacks complete information can be fatal to a defense. Therefore, for any important personnel vote (such as termination of an executive director), don't assume that all other members have the same facts. Before voting, insist on a summary presentation, and ask all board members to identify any relevant information not contained in that presentation.

Speak, at all times, as if you were on video tape.

Take the High Road

Participating as a member of a nonprofit organization is an extraordinary and fulfilling experience. However, employment litigation has become part of our world. Act in the best manner you can based on your education, experience, ability, and information. This will strengthen your position in the face of any lawsuit. As a board member, this is the only responsible course of action.

This article is adapted from the Alliance Report, *published by Nonprofits' Insurance Alliance of California (NIAC), a liability insurance pool owned and operated by 501(c)(3) nonprofits. NIAC provides affordable insurance coverages exclusively for its nonprofit owners. For more information, contact NIAC, P.O. Box 8507, Santa Cruz, California 95061-8507, www.niac.org.*

What's in Your Board Kit?

For ideas to help improve your board and avoid litigation, see these *Nonprofit World* articles, available at www.snpo.org:

- **How Effective Is Your Board? A Rating Scale** (Vol. 8, No. 5)
- **Protect Yourself Against Employee Lawsuits** (Vol. 15, No. 2)
- **Improving Nonprofit Boards: What Works & What Doesn't?** (Vol. 15, No. 3)
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- **Seven Creative Ways to Energize Your Board** (Vol. 11, No. 6)
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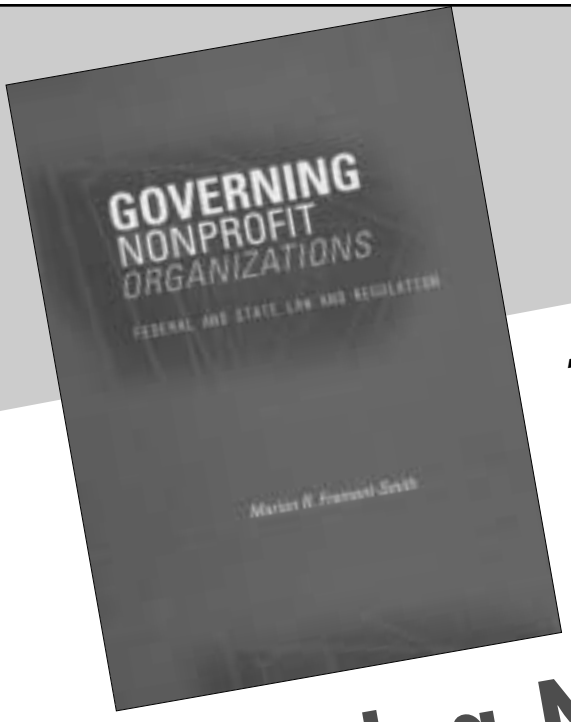
- **What Is the Board's Role in Managing Risk?** (Vol. 15, No. 5)



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Marion R. Fremont-Smith

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—Martha Minow, Harvard Law School*

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Looking for Customers Rather than Handouts

Can you earn money while giving ex-cons and former addicts a chance at a new life? See how one nonprofit entrepreneur did it.

BY JERR BOSCHEE

When Kevin McDonald started Triangle Residential Options for Substance Abusers (TROSA) in North Carolina in 1994, he had $18,000 with which to feed, clothe, and rehabilitate 15 ex-cons and former addicts. "I had to figure out *some* way to make money in order to keep the program going," he says. "So we started our first business—peelin' potatoes!"

That was the beginning. But potatoes alone weren't going to be enough. McDonald had spent 12 years at Delancey Street Foundation in San Francisco, the nation's leading rehab and job training program for ex-cons, recovering drug addicts, and former prostitutes, and he'd spent part of the time running Delancey's moving business.

That experience prompted him to take three steps during the first few months of TROSA's existence that led to the creation of a company that generated less than $50,000 in its first year but has grown into a $3.1 million business today. It's the sixth largest moving company in the Research Triangle Park area and last year carried out approximately 6,800 moves. It's licensed in 48 states.

McDonald's first step was to send his ex-cons and former addicts to North American Van Lines. "We wanted to start a temp business in the moving industry," he says. "There was a tight labor market down here and the big companies were desperate for workers, so we got our guys trained on North American's dime—and then started sending them temporary laborers."

His second step was to explore the idea of starting a moving company of his own. "Trouble was, all the existing movers in the area had to vote on you! It would have taken forever!" So McDonald found an attorney who turned up an existing mover who'd gone bankrupt and wanted to sell his license. TROSA bought it for $10,000 (profits from the temporary labor business helped provide the necessary capital)—and bypassed the approval process.

His third step was to buy a used truck from Ryder. "Bought it, painted it—and made sure it had an automatic transmission, because a lot of the guys didn't know how to drive a stick."

From that point on, McDonald grew the company "one truck at a time." The business started in late 1994 and today employs as many as 150 people during the prime moving season.

More than 300 men and women currently take part in TROSA's two-year residential program for drug addicts and alcoholics. The residents participate in a comprehensive therapeutic program (see "The TROSA Model" on page 14) and during their stay work in one or more of the many businesses McDonald and his colleagues have launched during the past nine years. They receive free room, board, and medical care, plus a modest living allowance, but are not paid salaries. In keeping with TROSA's philosophy of self-help and individual empowerment, residents are responsible for all aspects of the businesses, including scheduling work, planning jobs, making estimates, supervising crews, and allocating resources.

Each of the businesses serves double duty as a vocational training school. In addition to the temporary labor force and the moving company, they include a vehicle repair shop, construction company, lawn service, brick masonry, catering service, picture framing company, residential and commercial painting, and its first retail business, a Christmas tree and wreath sales business started in 2000.

"I DON'T WANT YOUR MONEY"

Residential moves were the bread and butter for the moving company during the early years, but it has gradually

Each of the businesses serves double duty as a vocational training school.

attracted corporate business as well and is poised for further expansion. McDonald built the business primarily through personal selling and word of mouth. "We didn't have a very big staff," he says, "just me and two others, and we didn't have much money for advertising. We were just trying to survive as a program. So, I decided to start hitting the pavement and gave a lot of speeches. Went out to the Junior League, the Kiwanis Club, that sort of thing, and I found out they were tired of people asking them for a handout. So I told them, 'I don't want your money. I want your *business*. Call us up, let me give you an estimate, *use* our services.' "

He says the obstacles have been enormous. "Starting from scratch—no capital, no staff, no facility, sort of basic, man!" TROSA received an abandoned school building as a donation, but the building didn't have heat or running water and had to be lit with kerosene lamps. There weren't any written procedures or policies for running a rehab center, much less a moving company. "But nothin' surprises me any more," says McDonald. "I've been doin' this sort of thing for more than 20 years, and I was a street urchin before that. I just know that if you believe in something hard enough and work hard enough at it, it's gonna happen. You just don't quit no matter how hard it looks. You just keep goin'…"

McDonald credits much of the moving company's success to its vice president of business operations, Mike Keene, a former heroin addict who arrived at TROSA in 1997 after gaining six years of moving experience at Delancey Street. "Mike *is* the moving company," says McDonald. "He oversees the moves, trains our people, helps them with their recovery, and puts in 18 hours a day doing it." McDonald says Keene's past experience with drugs and his knowledge of how difficult it is for people going through recovery are what make him such a success with his employees. "It helps him relate to the residents and their difficulties," he says, "and the encouragement and discipline he provides help employees learn to deal with their past and work a job so they don't return to the streets."

Today the challenge is managing growth. "We still have 100% turnover in our employees every two years," he says, "and up until the late nineties we only had three paid staff members." He started hiring experienced professionals and now has a full-time staff of 38, 17 of whom have criminal records.

AUDITIONING FOR JOBS

The temp business also continues to thrive. "The employers love it," says Keith Artin, TROSA's chief operating officer. "They get drug-free workers with a great work ethic. And in an area with a 1.5% unemployment rate, they're desperate to find entry level workers. We're the only ones who can pull together 100 people in an evening to help move an office building on a day's notice.

"Plus," he says, "our guys are *auditioning* for a job that will be waiting for them when they finish their time at TROSA." The corporations "have a chance to look at our guys for 'x' months,

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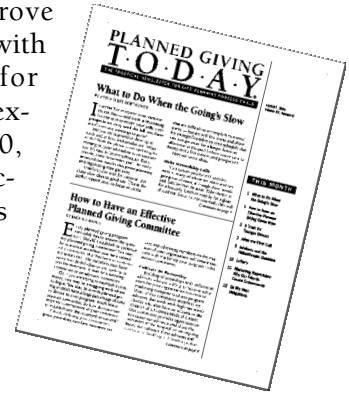

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THE TROSA MODEL

Founded in 1994, Triangle Residential Options for Substance Abusers (TROSA) is now the largest therapeutic community for substance abusers in the state of North Carolina. More than 300 residents participate in a highly structured self-help program that lasts for two years. Most are between the ages of 31 and 50, and many come to TROSA as an alternative to incarceration. Ninety percent have a criminal record, more than 70% are African American, and 80% are male. Forty-five percent haven't yet completed high school or acquired a General Equivalency Diploma (GED).

Residents receive vocational training, take a variety of educational courses, work on their interpersonal skills, and learn how to re-enter the community. By the end of 2003, nearly 400 people had completed the two-year program and joined the full-time work force; in 2003, the average hourly wage for a recent graduate exceeded $10.

Educational courses for residents without a high school diploma include literacy and GED classes taught by the Durham Literacy Council. Residents also participate in computer classes and can take college classes at night. Daily motivational and educational seminars are part of the routine, and there are several special interest and vocational classes, including creative writing, commercial driving, brick masonry, and basic auto mechanics. TROSA residents are also encouraged to volunteer and participate in community activities, and many of them play on TROSA's basketball and softball teams and sing in a choir that performs at festivals and weddings.

During their final three months in the program, residents begin participating in personal finance, job readiness, and relapse prevention classes and receive help in their search for permanent employment either within TROSA (staff-in-training) or with an outside company. Graduates of the program receive a car (donated to TROSA and rehabbed by TROSA mechanics) and can live at minimal cost for at least a year in one of the organization's 30 after-care residences (more than 100 are currently doing so). All graduates also have the option of attending bi-monthly support groups.

and a lot of them have been able to land good jobs, with benefits. If they'd just gone through the front door putting in a piece of paper, it would have wound up in the round file."

What comes next? McDonald believes the moving company alone "can get to $3 to $5 million over the next five or ten years, maybe quicker." He's also hoping to create a variety of housing units on a 13-acre "campus" that will serve as a home for most current residents plus some graduates and staff. And he's hired a development director (90% of all TROSA expenses are covered by profits from the businesses, but there's still a gap to fill). "I can't even believe people give you money," he laughs. "Twenty years ago I just *took* it!"

CRITICAL SUCCESS FACTORS

In addition to ***looking for a business relationship rather than a handout,*** McDonald identifies eight other factors that have been critical to the success of TROSA Moving:

Create a learning environment. "First of all," he says, "your crews have to be trained. Training, training, training. Everybody is always teaching somebody else. One person teaches the next person." This learning atmosphere is especially important because the company experiences constant turnover. TROSA holds training classes for movers every Sunday. All crews that go on moves have crew bosses who are continually training new members on their teams.

Know the importance of image. "Our employees have to act in a professional manner," says McDonald. "When you're dealing with recovering addicts, the first thing you must do is make sure they're not using drugs. You can't be la-dee-dah about it. The accountability has to be there. You've gotta have discipline, and appearance is really important. Our people are taught to dress, speak, and act professionally. Part of our goal is to change people's perceptions of addicts as street people. If somebody isn't performing, if they're disrespectful to a customer, we'll have to fire them." Artin says "it's a double-edged sword at best when potential customers know we're a drug rehab facility. Customers suddenly start to fear you—or, worse yet, they start looking at you as a nonprofit rather than a business."

Focus on customer relations. "And we will never forget that our customers are the ones who keep us in business," adds McDonald. "They are *always* right. If we do something wrong, we respond immediately and take care of the problem. That's just *so* important. When customers appreciate what you've done, it's the best form of advertising you can get. It's like buying cars: You go back to somebody you're comfortable with." The company does very little paid advertising.

Stress the work ethic. McDonald believes his company's competitive edge is "our work ethic. One of the things we hear over and over again is how polite our employees are. We get the job done. We're not the cheapest in town, but we've built a big following from word of mouth." And, according to a recent survey, it turns out most customers have no idea the people doing the moving are former addicts and ex-cons.

"It's like buying cars: You go back to somebody you're comfortable with."

Watch the seasons. "Here in North Carolina," says McDonald, "we *live* for certain months in the summer and hibernate like bears in the winter, so we're always trying to cover ourselves with other businesses during the winter, just like most moving companies."

Hire dedicated sales people. "Not having a dedicated sales person was the biggest mistake we made," says McDonald. "Anybody who wants to do this should definitely hire a person with some experience in the field. It's hard to break into the market. There are a lot of big corporations here in the Research Triangle Park, and we've made some inroads, but we're still not in there the way we should be." McDonald "put over 30,000 miles on my car the first year. I spoke to anyone who would listen to me about TROSA and what we do. The most important thing I needed to do was to establish our reputation in the community." But that was when the program had only 35 residents. Today it has more than 300 (plus 100 graduates living in supportive housing as part of TROSA's after-care program), and McDonald doesn't have as much time to speak in the community.

Grow carefully. McDonald also believes "you have to be careful not to grow too fast. You can only be as big as the number of people in your program. We've got more than 300 now. But we still have to watch which jobs to bid on and always be honest with ourselves rather than building up a reputation for biting off more than we can chew." He says the company has grown so quickly that "the infrastructure hasn't been able to keep up, so I had to slow down. Now we are hiring more people and building and improving our program and business. For survival. And now that we have some professional staff on board we're starting to move to another level. But you have to be willing to pay for it. It's a real learning process as we bring in professional staff to integrate with us. If this were a government agency, the state would have 150 people working in a place like this! But we don't need anywhere near that many. We just have to build up a permanent staff of middle managers, an institutional memory."

Be resilient. Only 33% of the men and women who enter TROSA's residential program finish the entire two years (although McDonald points out that only 35% of the freshmen who enter the University of North Carolina ever graduate). Not every resident is ready for the long-term, two-year commitment. "You just have to roll with the ones who quit," he says. "You have to remember that no one person is too important and just go find somebody to replace him. The biggest thing is that you have to *believe in* the people you're wantin' to help. They can feel it, they can feel that you believe in them, and they'll work hard to change."

FINAL WORDS OF ADVICE

McDonald admits it would have been nice to have more capital, "but I never went to school and I didn't know what I needed. A bunch of MBAs from around here came in and told me I shouldn't have been able to do it—but I didn't know that! I followed my gut and used my experience to do it and it works. We're doing it and will be here for a long time."

What keeps McDonald, Keene, Artin, and the other TROSA people going are a set of core values. "We will never forget what we're about," says McDonald. "We're training men and women in order to give them a work ethic so they can go on with their lives, get jobs in the community, and overcome their addictions. Many people talk about a double bottom line—balancing your program and your business. Well, it all comes down to the people. We're not gonna sacrifice that, ever." ■

Resources

Boschee, Jerr, "Focus on Your Customers as Well as Your Clients," *Nonprofit World*, Vol. 22, No. 2.

Boschee, Jerr, "Keep or Kill? Score Your Programs, *Nonprofit World*, Vol. 21, No. 5

Boschee, Jerr, *Social Entrepreneurship Videotape.*

Brinckerhoff, Peter, "How to Write Your Business Plan," *Nonprofit World*, Vol. 17, No. 2.

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

Jerr Boschee (jerr@orbis.net), long recognized as one of the founders of the social enterprise movement worldwide, has spent the past 20 years as an advisor to social entrepreneurs in the U.S. and abroad. He has delivered seminars or conducted workshops in 41 states and 12 foreign countries and is executive director of The Institute for Social Entrepreneurs (www.socialent.org), which provides education, training, and other services for social entrepreneurs. He is also the co-founder and chief executive officer of Peace Corps Encore!, a nonprofit social enterprise that re-deploys former Peace Corps volunteers and staff members on short-term assignments in their areas of professional expertise.

More about Social Enterprise

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

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Database
eTapestry
Design & Construction
Irvine Team
Donor Software
eTapestry
Education/Training
Association Works
Financial
Best Software
Free Merchandise
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NAEIR
Fund Accounting Software
Blackbaud, Inc.
Fundraising
The Alford Group Inc.
Best Software
DonorPerfect Fundraising Software
eTapestry
Fundraising Software
Best Software
Blackbaud, Inc.
DonorPerfect Fundraising Software
eTapestry
Internet
eTapestry
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TCC Group
Scheduling
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Madrigal Soft Tools
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TCC Group
Telecommunications
Telecompute Corporation
Web Sites
Charity Advantage

THE NEW MARKETING MODEL FOR NONPROFITS

It's time for a new model. And that means embracing the Internet as a strategic tool.

BY VINAY BHAGAT

This may be the year that the nonprofit sector embraces the Internet as an indispensable tool. Organizations that rely primarily on traditional methods are finding it tougher to sustain fundraising and other forms of constituent support. Now, the data are beginning to amass on "early adopter" nonprofits that began incorporating the Internet into their operations a year or two or three ago. The numbers make a compelling case for groups to go online in a big way, especially in the current challenging environment for philanthropy.

SURVIVAL AND GROWTH REQUIRE MIND-SHARE

Nonprofit groups today are struggling to do more with less. Budgets have tightened in the wake of declining endowments, reduced funding, and rising competition for donor dollars, especially as supporters reduce the number of causes they support. But the need for programs and services continues to grow.

Given these conditions, maximizing "mind-share" with your constituents, getting them involved, and increasing and sustaining your relevance is more important than ever. To achieve that, the nonprofit "marketing model" must change.

TIME FOR A NEW MARKETING MODEL

The traditional nonprofit marketing model is not working. Although major and planned-giving donors and prospects receive a lot of personal attention, constituent-to-nonprofit staff ratios typically are too high for the direct interaction and human touch that produce strong relationships. Annual giving programs yield poor returns as groups churn 30-50% of supporters from year to year, use costly acquisition techniques that take 12-36 months to break even, and spend heavily on paper-based communications. Special-event fundraising suffers from low contributions per participant and weak participant retention.

Groups relying on earned revenue often under-invest in marketing, most of which is loosely targeted. Grassroots advocacy programs tend to tap a narrow constituency. Finding and retaining good volunteers also remains a challenge for many groups. Nonprofit departments operating as "silos" fail to leverage the synergies between functions such as development, volunteer recruitment, client services, advocacy, and special events to cross-market from one constituency to another and maximize involvement. Uncoordinated communications result in a lack of congruency in constituents' eyes, or no "single version of the truth."

THE eCRM MODEL: CREATING AND MANAGING CONSTITUENT RELATIONS ONLINE

Not surprisingly, acceptance and preference of the Internet as a communications and direct response channel is growing.

Organizations using online Constituent Relationship Management (eCRM) are starting to raise meaningful dollars and achieve significant program results. They are realizing that:

- **The Internet is a strategic marketing tool,** not a cost of doing business.
- **Internet success is not just about having a Web site,** collecting online donations, or sending e-mail—it's about taking an integrated, systematic approach to managing relationships through eCRM.
- **The Internet affords the opportunity to build relationships** through regular, relevant, and value-added communication rather than just to solicit.
- **Unlike mail, online interactions are a great opportunity** to learn about constituent interests and motivations.
- **Building a large constituent e-mail file** significantly impacts fundraising success.
- **Theme-based appeals** (explaining how the donation will be used) are more effective than generic appeals and giving forms.
- **Online and offline campaigns** should be integrated—online marketing systems must connect with your donor database.
- **Volunteer-based fundraising is powerful** because it taps known loyal supporters and their like-minded personal contacts, plus today's Internet tools make it easy and efficient.
- **eCRM supports all key functions** where outreach and relationship management are required, such as marketing services, recruiting volunteers, driving advocacy, and also cultivating, acquiring, and stewarding both annual giving and major donors.
- **eCRM should be integrated** across functions sharing a single Internet platform.

THE PROOF THAT eCRM WORKS

Nonprofits following these principles are achieving strong results. Consider these clients of Convio, an online Constituent Relationship Management (eCRM) company:

- Planned Parenthood Federation of America ***raised $1.7 million online*** in just over a year. The average online gift size increased 86%.
- The American Society for the Prevention of Cruelty to Animals ***raised more than $430,000 online*** between October 2001 and December 2002, and the average renewal gift was 74% higher online than via direct mail.
- Carnegie Museums of Pittsburgh ***increased its e-mail house file more than 50%*** in just eight month. The organization now sends four monthly newsletters to members. The average online gift is 16% higher than offline gifts. Attendance is up for events that are marketed and managed online.

Online Communications Involve Supporters

Shyloh and her adopted cat Polaris. Photo by Andrea Nelson.

The American Society for the Prevention of Cruelty to Animals (ASPCA) has achieved remarkable results since it began using the Internet as a fundraising and marketing tool. Much of this success is attributable to cross-marketing between constituent groups (activists and donors).

Through online communications, the ASPCA achieved a dramatic increase in its Advocacy Brigade (online registrants who help advocate for laws to improve animals' lives). The ASPCA grew its online Advocacy Brigade membership by 247% in seven months by recruiting subscribers to its e-mail communications to become advocates.

Whenever people visit its Web site, the ASPCA encourages them to join the Advocacy Brigade. It does so through various promotional content, including a "Weekly Alert Newsletter," which spotlights past, current, and future advocacy campaigns and features "calls to action." Special, personalized e-mails also convey appreciation to activists, reinforce the fact that their support matters, keeps the organization's mission top-of-mind, sustains involvement, and strengthens relationships.

The ASPCA's Web site (www.aspca.org) and its online adoption partner (www.petfinder.com) offer a plethora of services, such as the ability to search over 100,000 adoptable pets and to learn about the qualities of different breeds. Easy access to online services increases constituent loyalty.

- HoustonPBS ***raised more than $123,000 online via pledge drives*** in 14 months. The organization has completed one-third of its event registrations online. It used online communications in the wake of eliminating roughly $150,000 annually in paper-based communications. It also launched a "members only" area on its Web site, offering a wide array of services, which will help to grow loyalty.
- Citizens Against Government Waste ***increased its e-mail house file from 2,000 to 11,000*** in 13 months. The organization now sends nearly 8,000 e-mails per advocacy alert, with response rates that have exceeded 60%. Up to 40% of its respondents are "off the file" (they received forwarded messages) and join the file as a result of taking action.

These types of results—from organizations large and small and in different segments of the nonprofit sector—prove that the Internet *does* help nonprofits build strong constituent relationships which, in turn, optimizes fundraising, marketing, special events management, and advocacy. As more data come in, watch for more nonprofits to follow suit by assimilating the Internet into their mission-critical operations. ■

Resources

Andrews, Dianne et al., "Internet Savvy Nonprofits: Dot-Orging Your Way to Success," *Nonprofit World*, Volume 20, No. 1.

Bhagat, Vinay, "Online Advocacy–Mobilize Supporters to Take Action," *Nonprofit World*, Vol. 21, No. 6.

Elges, Mary, "Driving Traffic to Your Web Site," *Nonprofit World*, Vol. 20, No. 6.

Frenza, JP & Leslie Hoffman, "Ten Top Web Site Tips," *Nonprofit World*, Volume 16, No. 1.

Paley, Scott, "Cyberactivism: How a Web Site Can Make or Break Your Organization," *Nonprofit World*, Vol. 21, No. 5.

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

Vinay Bhagat is founder and CEO of Convio, Inc., the leading online Constituent Relationship Management (eCRM) company serving the nonprofit sector, providing Internet software and services that help organizations attract, motivate, and retain constituents for fundraising, advocacy, and other forms of support. For more information, please visit www.convio.com or e-mail info@convio.com.

Coming Up

IN NONPROFIT WORLD

- A revolutionary fundraising opportunity
- How to prevent an information disaster
- Put the expressive dimension to work in your organization
- Where can you find a fundraising consultant?
- The value of capacity building
- How to talk to your board
- Don't let "sick" workers undermine your organization
- The one job volunteers can't do
- The key to stretching your funds
- When should you make the "second ask"?
- Blowing the whistle on fraud
- How to assess credibility in workplace investigations
- Top causes of stress at work
- And much, much more!

HOW TO USE REAL ESTATE AS A STRATEGIC TOOL

USING THE RIGHT TACTICS CAN CUT COSTS AND FREE UP CASH YOU CAN USE TODAY.

BY CHRISTOPHER LARSON

For many organizations, an area that presents a distinct opportunity for cost savings is real estate. One of the largest overhead costs, real estate is often overlooked as a budgetary tool.

"Real estate is actually one third of our overall budget," says Joel Olson, president of Columbia College in Aurora, Colorado. "My expertise is in the field of higher education, not in real estate. An expert informed me that we were paying more than 70% above market for our space. So even though our lease was not up for a couple of years, we had an immediate opportunity to capture cost savings that would not have presented itself had we not asked the right questions."

An untapped asset, real estate can be a lucrative financial source for nonprofits. Here are tips to consider.

John Olson, president of Columbia College, recently hired Christopher Larson, vice president of Equis Corporation, to handle the college's real estate.

1. Question the status quo.

Don't assume real estate is a fixed cost that you can't change. Whether you rent or own, there are ways you can use your space to free up capital. Recognize that your nonprofit status doesn't keep you from using creative real estate tactics. In fact, your tax-exempt status can open up unique opportunities for you.

2. Educate yourself.

Do you know it's possible to renegotiate a lease years before it expires? If rental rates are in a slump, you could be overpaying—by a significant amount. If you're up to date on rental rates in your community, you have leverage in negotiating with your landlord. Another effective tactic is to review your landlord's motivations. For example, a landlord whose building is for sale will want to

retain the building's value by extending tenants' leases and thus may be willing to offer lower rent.

3. Consider how location plays into your organizational strategy.

The old adage about the importance of "location, location, location" doesn't always hold true for nonprofit organizations. Ask yourself how important location is to serving your constituency and whether a lower-rent facility would suit your needs.

4. Get an early start.

Don't wait till your lease is about to expire to look at real estate options. If you do, you'll be at a disadvantage. Why would a landlord want to negotiate with you, knowing you operate under time restrictions?

5. Know your requirements, but be flexible.

Don't be too specific about your needs in the beginning. You may never find exactly what you want at the price you'd like to pay. But perhaps you can find something at the right price and adapt it to your needs.

6. Hire an expert.

Real estate has many nuances. Knowing which lease clauses to keep or reject and how to finance an improvement can be complex. Find a real estate expert who is sensitive to the needs of nonprofit organizations.

7. Draw on your tax advantages.

Having 501(c)(3) status offers a whole realm of financing options relative to your real estate. Traditional bond issuance remains a powerful tool for raising capital and is often used to build new facilities or refinance debt. As a nonprofit, you have alternatives that aren't available in the for-profit bond market. Also, consider financial tools available from your local government, such as municipal incentives, tax increment financing, and empowerment zone programs.

8. Use environmental and energy-saving options.

A number of "green" alternatives provide financing and are a great way to lower your construction and operating costs. In addition, many states (such as Oregon and New York) offer financial incentives for pursuit of environmental building certifications under the U.S. Green Buildings Council. Modular function-specific facilities can also be a way to decrease operating costs and enhance flexibility.

9. Align your real estate strategy with your organization's special circumstances.

What state and local laws might limit the approaches you can use? Do your organization's bylaws preclude certain real estate tactics? Are your organizational mission and culture consistent with using such methods? Are any unique financing programs available for your specific type of organization? What limitations are there on the use of funds for real estate? How do your strategic plan and business plan fit into the mix?

10. Redesign your workplace.

Identify new, more efficient ways to use your office space. Such creative approaches can yield immediate cash savings, increase your operating efficiency, and improve employee productivity.

11. Use your space to meet other needs.

Offering another nonprofit work space within your leased or owned facility may allow you to meet your obligations with in-kind services rather than cash.

12. Keep your options open.

Balancing short-term space needs with projected long-term requirements is tricky. Negotiate flexibility into your lease to allow for future expansion, contraction, or early relocation.

When matched with your organization's overall goals, these strategies can enhance your cash flow. The key is to look at real estate not as a liability that consumes resources but as an asset that can help you achieve your organization's mission. ■

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Six Steps to Outstanding Results

Don't strive to be "lean and mean." Strive, instead, to be "lean and friendly." Here are the steps that will produce results.

BY MERRILL DOUGLASS

Peter Drucker once wrote that "so much of what we call management consists of making it difficult for people to work." Many nonprofit organizations, as they begin downsizing and reorganizing their operations, are discovering how true that statement is. With enough people, the work gets done, no matter how inefficiently. These days, though, management levels are disappearing, and staffs are growing leaner. That means you must make a conscious, careful effort to manage the workflow. You must make it *easy* for your good people to do good work.

Here are six steps to help you manage smarter and improve results.

Step 1 Be Sure Everyone Knows What to Do.

Focus all resources on critical issues. Spend even more time clarifying goals and priorities. Be sure policies and procedures are clearly written down so that everyone knows what will happen at each step along the way and what the final outcome should look like. Lean organizations can't afford to wander aimlessly.

Step 2 Examine All Rules.

Many rules grow from management paranoia, excessive ego, and turf-building. Drop all rules that hamper better performance. Commit the remaining rules to writing, and be sure they are accessible to everyone.

Step 3 Analyze All Procedures.

Almost any process can be improved. Act boldly. Cut out any unnecessary steps. Delegate authority to lower levels to speed up decisions. Stop redundant cross-checking and multiple authorizations. One organization shortened a key process from 120 days to four days simply by bypassing several layers of management.

Step 4 Eliminate Duplication.

Analyze all forms and reports. You'll probably find that many are redundant. Half the files in most organizations are duplications. Different departments may be keeping similar records. Question whether you really need every piece of information.

Step 5 Simplify the Work.

Strive for fewer stages, fewer tasks, fewer rules, less movement, faster responses. Identify bottlenecks, and remove them. Ask people doing the work for ideas on streamlining the process.

Step 6 Improve Supplier Relationships.

We sometimes forget how important suppliers are in the overall delivery of nonprofit services. All supplies—including those that are donated—should meet specific requirements. Substandard materials can be devastating to your organization's reputation—and to the clients you serve. Take care not only to regulate supplier standards but to nurture harmonious relationships with suppliers so that delivery goes smoothly.

For these six steps to work, you will need to communicate skillfully and continually with everyone in your organization and keep them up to date on what is happening. Getting work done requires working as a team. The smaller your organization, the truer this is.

Don't strive to be "lean and mean." Strive, instead, to be "lean and friendly." That's the best way to produce results. ■

Resources

"Beyond the Quick Fix: Creating a Vision for the Long Term," *Nonprofit World*, Vol. 9, No. 1.

"Build a Powerful Staff Team," *Nonprofit World*, Vol. 18, No. 4.

Lauer, Larry, "How to Improve Internal Communications," *Nonprofit World*, Vol. 12, No. 3.

Management in *Nonprofit World CD-ROM.*

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

Dr. Merrill Douglass is president of Douglass Consulting Group, Inc., in Marietta Georgia (www.douglassgroup.com), which specializes in organizational development and training. His books include Manage Your Time, Your Work, Yourself *and* Success Secrets.

Turnaround Needed!

How to Get Started

Here's why the nonprofit sector is in trouble—and what to do next.

BY GARY SNYDER

When will nonprofit leaders step up and say, "Enough malfeasance is enough"? In the midst of numerous nonprofit scandals, the foundation world has also been rocked by exposés.

Until recently, foundations haven't faced external scrutiny. Now, with the hot spotlight of Congress, the IRS, and several attorneys general, we learn that foundations aren't what we thought them to be.

What Are the Problems?

Each incident is different, but they all boil down to greed—and an environment that lets those we trust betray us.

A recent study[1] notes that up to three-fourths of foundation trustees are taking ***hefty fees*** for doing as little as showing up at a few board meetings each year. The study sample wasn't small—it included almost 240 funders. These trustees receive more than $31 million in fees.

Another way trustees are enriching themselves is ***self-dealing***, the act of foundations purchasing services from board members. A study[2] shows that 30-55% (depending on size and type) of foundations receive professional services from board members. In an effort to skirt IRS intermediate sanctions rules, some board members are offering quality services to their organizations at below-market prices.[3] If trustee fees are coupled with actual services, sanctions are hard to enforce.

A third way to gain benefit as a trustee is to obtain ***grants for board members' organizations***. A few examples are illustrative: The Ken Lay Foundation and the Enron Foundation gave nearly $2 million to a healthcare institution whose leader was on Enron's board.[4] The New York Stock Exchange (NYSE) and its foundation, both nonprofits, gave 40% of the grants to NYSE board members' charities.[5] Because of these and similar activities, federal legislation has been introduced to require the disclosure of such corporate philanthropic grant making.

Another tactic foundation trustees use to curry community favor is the use of ***discretionary accounts*** that they're free to allocate as they see fit. Distribution of funds isn't linked to the foundation's mission, nor is there much due diligence. The only requirement seems to be that the recipient agency must be a 501(c)(3) nonprofit organization. In some instances, these discretionary grant pools can be as much as 40% of grant money expended by the foundation.

On the 501(c)(3) front, a federal grand jury, coupled with the U.S. Department of Labor, is looking into the finances of United Way of the National Capital Area in Washington, D.C. A 216-page audit reveals that several top managers helped themselves to benefits, including cash, with little board oversight. The IRS is examining the Nature Conservancy's Form 990 and investigating allegations of mismanagement, board corruption, and staff financial recklessness. The U.S. District Court in Michigan sent the finance chief of the Capital Area United Way (Lansing) to four years in prison and ordered her to pay about $2.1 million because of her embezzlement, forgery, and illegal monetary transactions. She had an addiction to collecting quarter horses.

Though small in number, these scandals reflect on the entire nonprofit sector. Before Congress, the IRS, and the SEC take action against us, we must start policing ourselves.

Distribution of funds isn't linked to the foundation's mission, nor is there much due diligence.

Several top managers helped themselves to benefits, including cash, with little board oversight.

What Can You Do?

All the above examples involve poor board governance. Recent studies[6] find that a strong board leads to an effective organization. Using these studies as a compass, here are ways to build your organization's capacity—the first step toward avoiding such problems and restoring the sector's reputation:

- **Form a strong board nominating committee** to recruit people with the talents your board needs, including financial and legal expertise. Pinpoint board requirements related to your organization's goals. Review candidates' qualifications to be sure they have the necessary skills and commitment.
- **Ensure that all board members** either hold an office or serve on a committee. Such involvement fosters accountability and makes certain that each board member takes an active role.
- **Require the board to evaluate the executive** on an ongoing basis. Establish and perpetuate high expectations for performance. Have the executive report to the board on a weekly or monthly basis, and conduct a formal assessment once a year.
- **Ask all board members to assess themselves** and the board as a whole. Discuss the results, and work on ways to improve.
- **Create clear, written expectations** of board members, including fundraising obligations.
- **Follow the IRS's intermediate sanctions rules** to assure that board members don't receive inappropriately generous salaries, fees, or benefits.
- **Conduct a needs assessment.** Identify gaps in your staff and board. Use training to shore up weaknesses. Ongoing education for board and staff—including the executive—is essential. Financial training is especially vital.
- **Comply with board practices** outlined in the Sarbanes-Oxley Act. Although the Act targets corporations, its measures to tighten accountability, including certifying accuracy of financial statements and creating audit committees, are relevant to nonprofits. If nonprofits don't adopt these rules themselves, they may see such rules thrust upon them. See "Crisis in the Board Room," *Nonprofit World*, Vol. 21, No. 5 (www.snpo.org).
- **Set up a a control system** to monitor your finances. Conduct a monthly internal financial review. Be sure that different people are responsible for the duties of receiving funds, depositing them, and keeping the records.
- **Assess your financial reporting,** and check that the information is accurate and honest. Make your financial information available to all stakeholders.
- **Hold an independent** financial audit every year. Appoint an audit committee of independent directors with financial management expertise. This committee should work closely with the auditor.
- **Build a partnership** between board and executive so that information flows freely between the two. Serve as a check and balance for each other.
- **Be sure staff and board members base decisions** on the organization's mission.
- **Prepare an ethics policy,** and perform an ethics audit. Avoid any semblance of self- dealing, conflict of interest, or other impropriety.
- **Monitor client satisfaction,** and exceed clients' expectations.

These procedures will help your organization become more actively managed—and actively governed.[7] Proactive involvement is the key. It's the best way to assure accountability and regain the public's trust. ■

Footnotes

[1] *Foundation Trustee Fees: Use and Abuse*, Georgetown University Center for Public and Nonprofit Leadership, September, 2003.

[2] Council on Foundations survey.

[3] IRS intermediate sanctions rules require compensation and benefits for nonprofit board members and executives to be reasonable. See "How to Be Sure Compensation Is Reasonable," *Nonprofit World*, Vol. 17, No. 1 (www.snpo.org).

[4] Council of Institutional Advisors.

[5] Hilzenrath, David S., "Directors' Charities Got NYSE Money," *Washington Post*, September 18, 2003.

[6] Herman, Robert and Richard Heimovics, *Board Practices, Board Effectiveness and Organizational Effectiveness in Local Nonprofits*, Nonprofit Sector Research Fund, Aspen Institute, nsrf@aspeninstitute.org.

[7] See the following *Nonprofit World* articles at www.snpo.org: "A Board Member Self-Assessment" (Vol. 15, No. 6), "CEO Evaluation: The Board's Second Most Crucial Duty" (Vol. 8, No. 3), "Nonprofits without Audit Committees Risk Disaster" (Vol. 22, No. 2), "Setting Up a Control System for Your Organization" (Vol. 16, No. 3), "The Ethics Audit: A Tool Whose Time Has Come" (Vol. 13, No. 6), and "The Sarbanes-Oxley Act & Nonprofits: But I Thought That Didn't Apply to Us," Vol. 22, No. 5.

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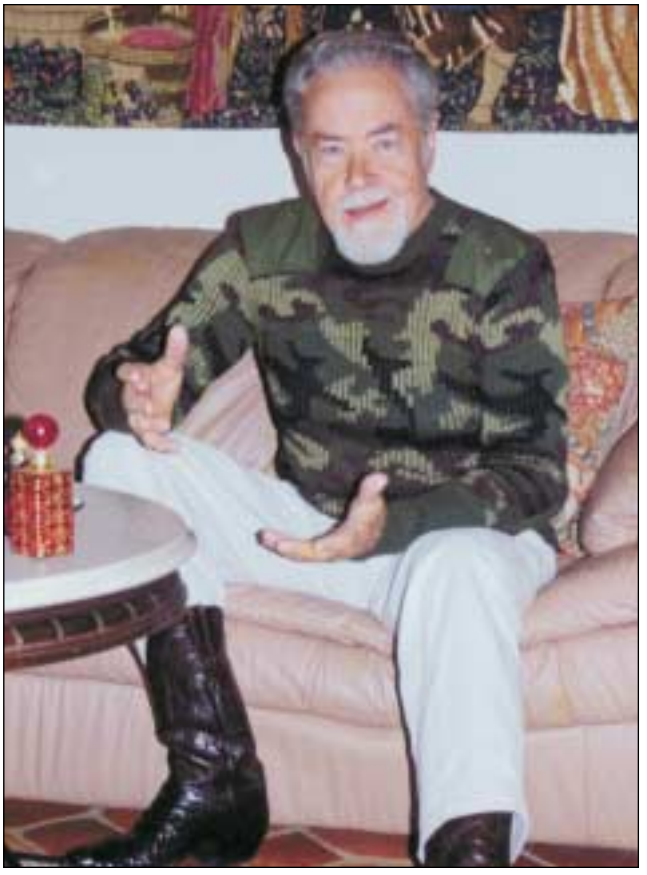
THIRD IN A SERIES

How to Build a Cohesive Organization

USE THESE 16 KEY FACTORS TO CREATE AN ORGANIZATION THAT WILL STAND THE TEST OF TIME.

BY DAVID E. MASON



DAVID E. MASON

As leaders build organizations, many concentrate on the bricks and neglect the mortar. They stack the elements atop each other but ignore the glue that binds those elements together. Without attention to cohesiveness, organizational mortar may crumble, and people's loyalty won't be enough to hold the bricks together.

How do you make sure your organization is cohesive? First, you need to understand the factors forming cohesion. Like a mason's mortar, cohesiveness is a mix of ingredients. Some evolve naturally. Others are produced by the long-range organizational purpose, structure, or strategy.

Here are 16 factors that influence cohesiveness.[1] A nonprofit leader needs to use all of them to bind people together into an organization that will endure. Take every chance to reinforce these key factors in your organization:

1 Ceremonies
Participating in a ceremony reinforces people's shared history, values, goals, and activities. Ceremonies build ethnocentrism and give participants a tie with the past. Initiation rites are important, as are the rituals marking a person's movement from one level to another.

2 Symbols
Symbols include such items as uniforms, flags, rings, pins, arm bands, certificates, or distinctive dress. Such insignia provide psychological separation between the organization and the broader society.

3 Communication
In nonprofit organizations, communication must include more than factual data. It must also inspire, motivate, and build cohesion. People need constant reminders of their organization's traditions, purposes, and objectives. Praise for the good work of individuals and task groups must be part of the reward system. Organization-wide communication plays a direct part in bonding individuals to their groups and groups to the total enterprise. The organization's communication network is the nerve system linking the many parts into a cohesive whole.

4 Community
Community evokes the feeling that "here is where I belong, these are my people, I care for them, they care for me, I am part of them." The absence of community is experienced as "an aching loss, a void" and "feelings of isolation, falseness, instability and impoverishment of spirit."[2]

5 Dreams
Every organization has some sort of dream. It may or may not be embodied in a formal mission statement or guiding purpose. It may be as idealistic and lofty as "to feed the world's hungry masses," "to teach the world to read," or "to unite all humankind in love." Or it may be as

practical and finite as "to save the trees in Polk Park" or "to get our young people off the streets and provide wholesome recreation." The dream includes the aspirations that members of the organization hold collectively. When people believe something is going to happen, they behave as though it is going to happen. Then it often does happen.

6 External Threats
Nothing has the immediate bonding power of a common threat, a shared enemy. Real or perceived, the enemy increases cohesion. The more ominous the threat, the tighter the bond. When we're confronted with an external threat, the fight or flight response embedded in our genes assumes control. Internal bickering grows silent. Centripetal forces reign. All energies are mustered for the sake of the common good.

7 Future Prospects
Cohesion is affected by whether the organization's prospects are of hope or despair. When future prospects darken, participants often seek scapegoats for the failure, and many will switch their allegiance. When the organizational forecast is bright, constituents stake a claim on the group's promising future. The effect of hope is not limited to the total organization. Hope is also a cohesive force when applied to task groups and individuals. Each needs that stake in the future. Staff and volunteers alike need to see a career ladder they can climb to that even better time.

8 Homogeneity
The more homogeneous a group, the more likely it is to develop peer cohesion. Homogeneity may exist because of a similar cultural background or because of common values and goals precipitated by people's organizational membership. On one hand, if participants come to a group with similar attitudes and a common orientation to life and the world, cohesiveness will likely develop quickly. On the other hand, a group's common values and goals may attract people of diverse backgrounds. Once together, their common concerns are revealed and mobilized, and they begin to bond.

Communication must include more than factual data.

9 Interaction
The more often people work together, the more likely they are to form cohesive ties. The more a task or proximity causes individuals to interact, the more likely social relationships are to develop. The more exclusive and intense the interaction, the more cohesive the group will become.

10 Image
How attractive does the organization appear? Myriad components mix to form an image in people's minds. These components include organizational significance, values, policies, property, personnel, prestige, and success in achieving goals. When participants' image of the organization stirs up pride and raises their self-esteem, cohesiveness increases.

11 Integrity
People must be able to perceive the organization's integrity. If members feel a lack of sincerity in purpose or methodology, cohesiveness will crumble. Because of the voluntary nature of nonprofit organizations, the violation of trust or the appearance of exploitation will often cause participants to voluntarily disappear.

12 Leadership
The magnetism of a leader contributes to cohesion. That's one reason why the charismatic style of leadership works so well in a voluntary enterprise.[3] Charismatic leaders can epitomize their organizations' value systems and serve as role models. They provide a magnetic core that holds people together.

13 Ownership Roles
Organizations become more cohesive when participants have opportunities to design, implement, and achieve goals. People need opportunities to participate in organizational planning and to influence decisions that affect them. Having such an ownership role helps people confirm their identity and purpose.

14 Shared Experiences
The more experiences people share, the more cohesive they become. Sharing successes and even failures will bond people together.

15 Socializing
Meeting, eating, drinking, and having fun together builds cohesion. Church suppers, state dinners, formal toasts, the Indian peace pipe, all facilitate friendship and establish cohesion and trust.

16 Time
The longer a group endures, the more cohesive it becomes. If nothing else, time provides opportunities for the other key factors, such as common experiences, the influence of leaders, and communication, to do their magic. ■

Footnotes

[1]These factors aren't arranged in order of importance, nor are they mutually exclusive.

[2]Yankelovich, Daniel, *New Rules: Searching for Self-Fulfillment in a World Turned Upside Down*, New York: Random House.

[3]Mason, David E., "Secrets of the Charismatic Leader" and "How to Live with a Charismatic Leader," *Nonprofit World*, Vol. 22, No. 4 and 5.

In addition to his work with nonprofit organizations, David E. Mason (3352 Ocean Drive, Corpus Christi, Texas 78411) is himself a successful entrepreneur. He is listed in Who's Who in Finance & Industry *and has received ARNOVA's Award for Distinguished Lifetime Achievement. This article is adapted from his book* Leading and Managing the Expressive Dimension.

Advance to the Future or Retreat to the Familiar?

The key to the future is to reach out to meet it. Here are some tips.

BY BRUCE GLASRUD

We all hear the snick, snick, snick of cutting across the nonprofit landscape. Cutting budgets. Cutting programs. Cutting staff. Cutting dreams.

Tripped up by a stumbling economy, we are in tough times. Things are poised to get better. But in the meantime, we sometimes have to make difficult choices. How do we make those choices? The human response in difficult times is usually to seek comfort. Ostensibly, we obtain that comfort by retreating to what's familiar. When stressed, we often seek succor in the comfort food we enjoyed in our youth. Or we might seek solace in the songs that played on the radio back when our world made more sense. As organizations, we seek comfort too.

Organizational Cocooning

Trend-spotter Faith Popcorn coined the term "cocooning" to describe families hunkering down in their homes in times of danger or uncertainty. In any time of anxiety, pulling the covers over our heads might seem like a good idea. For nonprofits, however, a cocooning response is exactly what should be avoided.

Cutting the Right Stuff While Not Cutting "The Right Stuff"

Funding scarcity prompts many nonprofits to cut back on programs and services. Regrettably, it's usually the leading-edge ventures on the chopping block. What remain are the more established programs. The older the offering, the more the organization has invested in it. Thus, budget decisions are often made on emotion, not strategy. It's usually easier to discontinue a new program than an emotionally-charged older one.

In times of fiscal constraint, it's not easy to get staff and board emotionally and financially behind a new effort. Far too often, the innovative idea that might have been that organization's "next big thing" hits the dumpster. Employees who have "the right stuff" to carry the organization into the future often get dumped as well. Reactive trumps proactive, yet again.

Funder Folly?

Funders are also culpable in the cocooning response. Out of habit or blind allegiance, they continue to funnel scarce resources to the more traditional programs and established organizations. Yet many of these same programs and organizations have failed to produce adequate results over time. So this funding "fix" allows some marginal programs and organizations to plod on. Alas, funder cocoons require neither courageous critiques nor daring decisions.

Budget Cutting Is a Response, Not a Strategy

Funding shortages have prompted many organizations to focus on one and only one response: budget cuts. For too many nonprofit leaders, the mission is trimmed on the ledger. Programs and staff are pared down. Office-supply expenditures get nickel-and-dimed to

Ledgers and sharp pencils are merely one tool in achieving the mission bottom line.

This is the time to cut wastefulness and build a stronger organization, not a time to shoot the messenger.

death. Yet, nonprofit leaders need to recognize that ledgers and sharp pencils are merely one tool in achieving the mission bottom line. In a budget crunch, savvy nonprofit leaders seek ways to keep their organizations going without shooting themselves in the feet. Here are some strategic suggestions:

- **Don't be penny-wise and pound-foolish.** Don't cut office supplies so sharply that your staff has to barter on the black market for paper clips. That just plain doesn't look right!
- **For heaven's sake, don't put that marketing and PR plan on the back-burner.** This is a critical time for you to get as much public exposure as possible so that you can attract more funding.
- **If you must lay off staff, do so by individual capability, not by program.** Keeping marginal staff members just because they work in the program you're keeping makes no sense. Cutting perfectly fabulous employees merely because the program they worked in is downsized makes even less sense.
- **Base all decisions on the mission future, not the budget present.** Don't focus on the bottom line so much that you lose sight of the mission. Don't slash a new program in favor of an old one, based on nostalgia and emotion.
- **Don't whine!** Don't let your board or staff whine either. Put on a positive posture toward everything and everyone. Funders and donors have faith in funding organizations with a resilient, can-do attitude.
- **Keep a high-profile presence in the community.** If you act like a mover-and-shaker, funders will notice.
- **Recognize that a new, jazzy program may indeed look like a better proposition** to some of the more progressive funders out there.
- **Don't use desperate pleas for funding.** They may provide some short-term relief, but their long-term effect on your community standing can be devastating. Looking desperate is unbecoming of a proactive organization.
- **Create a new strategic plan** to meet the new challenges and opportunities.
- **Recognize that this might be an ideal time to knock the rust off your organization.** If you have to trim something, trim waste and inefficiency. Even the smallest, leanest organizations have barnacles to scrape.
- **Make it safe for employees to give honest criticism.** They can give you all sorts of ideas if you ask—and then listen. Just be prepared for things you might not want to hear. Some of the waste and inefficiency they mention might be on your end, or the board's. This is the time to cut wastefulness and build a stronger organization, not a time to shoot the messenger.
- **Evaluate your older programs, your core programs, and your overall mission.** This can be an excellent time to recalibrate. It might be an emotional, even volatile undertaking. But the rewards can be high.

Better times are coming. But you have to be psychologically and organizationally ready to take advantage of them. You don't have to wallow in a cocoon to become a butterfly. ■

Resources

Glasrud, Bruce, "Being Proactive Means Being Pro-Future," *Nonprofit World*, Vol. 18, No. 6.

Glasrud, Bruce, "Thinking Out of Pandora's Box," *Nonprofit World*, Vol. 20, No. 2.

Glasrud, Bruce, "Your Future Just Walked in the Door–Or Out of It," *Nonprofit World*, Vol. 18, No. 4.

Lemburg, Paul, "Why Predict the Future?", *Nonprofit World* Vol. 19, No. 3.

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

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The Four Best Ways to Champion Your Organization

Focus on these four essential ways to spread the word about your cause.

BY TERRENCE FERNSLER

Using Public Relations Strategies to Promote Your Nonprofit Organization

By Ruth Ellen Kinzey. 233 pages. Hardcover. Published by Haworth Press, 10 Alice St., Binghamton, NY 13904-1580.

In this gem of a book, Ruth Ellen Kinzey spotlights four PR issues most crucial for nonprofits. If you concentrate your attention on these four key areas, you'll be well on your way to attracting support for your organization.

1. The annual report may be the most important printed piece you prepare. This document reveals what your organization thinks about itself and how professionally it operates. Kinzey takes you step by step through the planning, designing, and printing processes, from determining your audience to distributing your report.

2. The newsletter is a motivational, recognition, marketing, educational, entertainment, updating, and information-sharing tool—and it can do many other things, too. Again, Kinzey takes you through a systematic process to glean the most from this vital marketing tool.

3. A speakers' bureau offers face-to-face outreach to key audiences. Most nonprofits do a dismal job of planning speeches in a systematic way, yet poorly planned public speaking can set an organization back years. Kinzey's description of how to establish a smooth-running speakers' bureau is invaluable. You should keep this book handy for this section if for no other reason.

4.The board of directors is critical in presenting the organizational image. A PR plan is necessary to recruit and motivate board members. Kinsey describes how to prepare information for board members and help the board promote the organization.

The annual report may be the most important printed piece you prepare.

Although Kinzey writes in a style that can easily be understood by the lay person, she does include a glossary of PR terms you might come across when dealing with printers and designers. Such forethought makes it clear that she knows her target audience. Kinzey delivers what we need—no more, no less—to develop effective public relations through speakers, annual reports, newsletters, and board materials. ■

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

NONPROFIT *briefs*

The Pros and Cons of Venture Philanthropy

A new report explores the relatively new field of venture philanthropy, also known as high-engagement philanthropy. With this approach, funders are personally involved with the nonprofits they support. In addition to financial grants, these funders provide help with planning, board and executive recruitment, coaching, and fundraising.

The report highlights the benefits and drawbacks of venture philanthropy. On the plus side, nonprofits gain access to capital at a level that exists nowhere else in the nonprofit sector. This money lets nonprofits think more strategically and opens up exciting new possibilities, innovative change, and bold growth. But such change can be wrenching to nonprofits that have never been through such a process. And, valuable as funders' advice can be, nonprofits that are used to being autonomous sometimes find so much hands-on engagement stifling.

"High-Engagement Philanthropy: A Bridge to a More Effective Social Sector" is the latest in a series of reports produced by Venture Philanthropy Partners to share the experiences of those engaged in venture philanthropy. To download the report, visit www.vppartners.org.

Accounting for the Non-accountant

Not-For-Profit Accounting Made Easy (NY: John Wiley & Sons, www.wiley.com/nonprofit) is written by an accountant with more than enough knowledge to guide non-accountants. The 248-page book explains in detail each aspect of accounting important to nonprofits.

The author, Warren Ruppel, describes how to deal with affiliated organizations, collections (such as art collections), employee benefits, and lease accounting. The chapter on analyzing financial records is especially useful for board members, who oversee the organization's assets.

The book is best used as a reference. It can answer all your questions about how to keep accounts and use financial reports. It is indispensable for those providing oversight of a nonprofit's finances.

—reviewed by Terrence Fernsler

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Why Boomer Heirs Give—and Why You Need to Know

With an unprecedented wealth transfer just beginning, nonprofits have an incredible opportunity to garner donations. The wealth transfer to baby boomers from their parents could be up to $41 trillion, with a possible $6 trillion going to charities.

These baby-boomer inheritors see a major distinction between their inheritance and their earned income, according to a new study. Having received an inheritance makes them much more likely to donate or increase donations, and they feel a responsibility to use their inheritance for causes their parents would have approved. The study offers these tips to tap into their motivations for giving:

- **Fulfill boomers' need** to use their inheritance responsibly by ensuring them that your administrative costs are minimal and that their money will provide direct service to those who need it.
- **Allay feelings of responsibility** attached to unearned wealth. Tap into inheritors' need to expunge guilt and help those less fortunate.
- **Partner with religious institutions** to increase your donor pool. Religious conviction is closely tied to giving by inheritors. Nonprofits, especially local ones, can find a new donor source by developing connections with churches.
- **Reach people** who want their inheritance to help achieve social goals by showcasing your organization's successes.
- **Build lasting relationships** with donors and gain a positive reputation by developing donor trust and confidence. Show donors how they are personally connected to your cause. Provide exceptional service.
- **Show evidence of tangible results** so people can see how donations are helping the community.

For more information on the study, "Motivated to Give," contact William Diamond at the University of Massachusetts, diamond@mktg.umass.edu. For more on donor motivations, see the articles under "Fundraising" at www.snpo.org.

—by Mike Riley

New Year's Resolutions

When making your resolutions this year, don't forget to set some goals for the office, too. Some suggestions:

- **Meet at least one new colleague a week.** The more people you know, the better able you'll be to share resources, collaborate on projects, and gain new insights.
- **Answer your phone.** Everyone expects to get a voice-mail message these days. Taking calls can be more efficient, and that personal touch will impress callers.
- **Stop something.** Target a project that's no longer useful, and take steps to end it.
- **Control e-mail overload.** Don't send unnecessary messages, and try to answer e-mail sooner.
- **Streamline meetings.** Pick one meeting a week that's not necessary for you to attend, and stop going. Identify one meeting per month that's redundant, and convince people to cancel it.
- **Talk to your clients.** Strive to talk to at least one client on a regular basis. Ask what you and your organization can do to serve your clients better.
- **Help someone in your organization.** Target a co-worker who could use some mentoring. Helping another employee will boost the organization's productivity.

—adapted from Darwinmag.com

Making Your Data Pay Off

After measuring outcomes, analyzing the data, and reporting the results, many nonprofits don't take advantage of their hard work. A new guidebook provides some good ideas on how you can use your outcome information to further your organization's mission. See "Using Outcome Information," www.urbaninstitute.org.

How to Blow Up the Bureaucracy

Highly productive organizations are characterized by a lack of bureaucracy. Here are eight ways to get rid of bureaucracy in your organization:

1. **Act swiftly** and decisively when change is needed.
2. **Get the right people** on board. Dismiss everyone who works against the goal.
3. **Develop cross-functional teams.**
4. **Decentralize** to empower staff and move decisions closer to the customer.
5. **Flatten the organization** to increase responsiveness to customers and others within the organization.
6. **Lead by visible example** to create passion in the ranks.
7. **Create and reinforce** a high-performance culture. Use every tool you have and invent new ones if need be to maintain an electric atmosphere.
8. **View all decisions** from the perspective of, "Does it help the customer? Does it serve the mission?"

—Adapted from *Less Is More* (New York: Penguin Putnam, www.penguinputnam.com).

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