

# NONPROFIT

Volume 23, Number 3  
May/June 2005

Advancement Through Sharing

# World

22<sup>nd</sup>

Anniversary  
Issue

**Free Yourself  
from Costly  
Human-Service  
Duties with a PEO**

**PLUS:**

**Five Secrets Every  
Leader Should Know**

**Servant Leadership:  
An Ideal for Nonprofit  
Organizations**

**How Do You Come  
Across to Others?**

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Photo by Bob Bernardo

Sacramento River Partners, which provides wildlife habitat, has saved money and freed up workers' time by outsourcing its payroll, hiring, training, and other human-resources jobs to a Professional Employer Organization. To decide if you need a Professional Employer Organization, see page 14.



## NONPROFIT WORLD

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The Society for Nonprofit Organizations

#### Purpose

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



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

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NONPROFIT WORLD is published bi-monthly at the subscription price of \$79 per year by The Society For Nonprofit Organizations. Single copies are available, prepaid, at \$15 per copy. NONPROFIT WORLD is available at no charge to members of The Society For Nonprofit Organizations. To subscribe or to become a member of the Society, write: The Society For Nonprofit Organizations, 5820 N. Canton Center Road, Suite 165, Canton, Michigan 48187. Telephone: 734-451-3582. Organizational Membership \$99. Individual \$59. Organizational members may purchase additional memberships for their board, staff, and volunteers at \$15/membership/year. Change of address: Send both new and old address, with mailing label if possible, to: The Society For Nonprofit Organizations, 5820 N. Canton Center Road, Suite 165, Canton, Michigan 48187. Allow six weeks for corrections. No part of this publication may be reproduced without written permission. All rights reserved. Copyright© The Society For Nonprofit Organizations ISSN 8755-7614. POSTMASTER: Send address changes to The Society For Nonprofit Organizations, 5820 N Canton Center Road, Suite 165, N Canton, Michigan 48187. E-mail: [info@snpo.org](mailto:info@snpo.org). Web page: [www.snpo.org](http://www.snpo.org).

Unsolicited manuscripts and letters to the editor are welcomed. They should be addressed to Jill Muehrcke, Editor, *Nonprofit World*, P.O. Box 45346, Madison, WI 53744-5346 or [muehrcke@charter.net](mailto:muehrcke@charter.net).



## Five Secrets Every Leader Should Know

Experts on leadership are plentiful, but when you distill all their words to the essence, you're left with a few kernels of wisdom that underlie everything. These essentials may not be easy, but they are remarkably simple:



Jill Muehrcke, Editor

**1. Start by creating an atmosphere of trust.** First, you must be impeccably trustworthy yourself. If employees don't trust you, they're less

**"Optimism is true moral courage."**

likely to share information, take risks, or stretch themselves (see "How to Transform Your Workplace" on page 30).

It's just as important that you trust them. Trusting your workers means nurturing them, supporting them, helping them learn and grow, as Archie Carroll makes clear in "Servant Leadership: An Ideal for Nonprofit Organizations" (page 18).

**2. Be a meaning-maker.** It's up to you to help employees see the significance of their work. Show them how to put the organization's mission first in everything they do. (See "Ideas for Leading with Passion" on page 29 and "Characteristics of a Mission-Based Manager" on page 30.) Practice good communication skills. That means listening more than talking. It means following through by promulgating your decisions. It means facilitating communication with both staff and board members (see "Eight Ways to Improve Leadership Team Meetings" on page 23).

**3. Innovate.** Be creative, even a bit unorthodox. Reward others for innovating and taking risks. For some creative ideas on using volunteers, raising funds, cutting costs, and starting earned-income ventures, see "Fundraising for 44¢" (page 7), "How Much of Your Revenue Should Come from Earned Income?" (page 5), "Creative Fundraising Ideas" (page 8), "Free Yourself from Costly Human-Service Duties with a PEO" (page 14), and "A Creative Way to Save Money" (page 25).

**4. Be optimistic, but know when to quit and regroup.** In *The Endurance*, (Alfred A. Knopf), Caroline Alexander describes how Ernest Shackleton,

on his first attempt to cross Antarctica, turned back because he was so optimistic that he knew there would be other chances. Optimists realize when it's best to retrench, yet at the same time they keep trying, learn from their mistakes, and have faith in the availability of future resources.

On his second attempt, Shackleton and his crew were within 85 miles of their goal of crossing Antarctica when their ship, *Endurance*, was trapped in the ice. Throughout the 20-month struggle to stay alive, the crew remained an unflinchingly loyal unit with remarkably high morale, largely through Shackleton's contagious optimism.

Indeed, Shackleton judged people most of all for their optimism. "Optimism is true moral courage," he said. To judge yourself and your personality, see "How Do You Come Across to Others?" on page 21.

**5. Be a role model.** All the experts on leadership agree on one thing, beyond all others: You can't separate your organizational leadership from your personal qualities. If you want a passionate, committed, innovative organization, you must be passionate, committed, and innovative. If you want your staff and board to put your organization's mission first, you must do the same. Be what you want them to be. That may be the most simple, and important, advice of all. ■

*Jill Muehrcke*

Jill Muehrcke  
Editor, *Nonprofit World*



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### A Creative Twist

*Nonprofit World* is unique in the way it consistently provides a creative twist to its pieces and topics. Your introductory letter on the Editor's Page is always powerful, showing the connection of the current issue's pieces and the relevance to our industry. Your series on living with a charismatic leader (Volume 22, Numbers 4-6) and articles on the nonprofit life cycle are examples of pieces that keep me thinking ahead when it's so easy to get stuck in day-to-day details.

Reading *Nonprofit World* is one important way I keep current. As a nonprofit consultant, it's vital for me to be informed on all issues relating to the nonprofit environment. Since nonprofit jobs overlap and every part of each organization is interconnected, it's important for all of us in the nonprofit sector to understand the big picture.

*Nonprofit World* helps me do so. In every issue I find something I need to know as well as information to share with clients. I encourage all people passionate about the nonprofit sector to subscribe to *Nonprofit World*. ■

Erika Oliver  
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### Looking for Innovation in All the Wrong Places

I've been enjoying my subscription to *Nonprofit World*. I especially appreciate your articles on innovation, a subject that's often neglected but is of vital importance to nonprofit organizations.

For nonprofits willing to face the clash between strained resources

and a rising call to service, as well as constant changes in their field, simply getting back to basics or doing more with less won't do. Yet, real innovation appears to be rare in many of these organizations, not for lack of leadership or the willingness to take risks, but because the approaches we take to innovation are themselves inconsistent with being creative.

**We can't conduct our search for innovation while holding to our wish for predictability.**

As just one example, there's our automatic insistence on asking *how* something can be done in advance of developing the *what* — that is, the possibility we're setting out to realize. When we ask *how*, we immediately limit ourselves to what we already know can be done.

Our reflexive demand to know how something can be done, coupled with our reliance on experts, comes from our desire to understand. Yet our best innovations are understood only in the aftermath of their creation; understanding is never present before innovation and, in fact, is a block to the creative process. Ever try to duplicate a successful program that you or another organization did indeed invent? Getting it right and understanding how it was done seem only to obscure the source of what made the original innovation shine so brightly.

Try as we might, we can't conduct our search for innovation while holding to our wish for predictability. We can't bring innovations to life within the confines of reality (as we know it).

We often overlook a third path to innovation, one lying just outside this false choice between predictable and random, one that's clearly within reach for most nonprofits. That path lies with asking: *What inspires you?* Answering this question will shift your thoughts from *can we do it?* and bring you close to the heart of the matter — *what would you most love to do?* Let the ideas pour out without judging them. Later, you can decide which ones are doable. ■

Bruce Cameron  
Openings  
Milwaukee, Wisconsin

### Better than Ever

A new look indeed! *Nonprofit World's* new layout and graphics are great!

I've been a subscriber for over 20 years. It's hard to believe it's been that long and how far you've come. It's a great, informative journal and, even after 20 years, I still look forward to getting it and reading it — and now it looks better than ever! ■

Charlie Conroy  
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### Please Get in Touch

We would love to hear your response to anything in *Nonprofit World*, your comments about any aspect of the nonprofit sector, and your concerns about your daily work. Please get in touch in any of the following ways:

**Drop us a note at:** Letters to the Editor, *Nonprofit World*, P. O. Box 45346, Madison, Wisconsin 53744-5346.

**E-mail to:** muehrcke@charter.net

Please include your name, address, and phone number. If you'd like your comments to appear anonymously, please let us know. We look forward to hearing from you!



# How Much of Your Revenue Should Come from Earned Income?

**Q:** What are some examples of earned-income ventures for nonprofits?

Can you briefly discuss the differences between arts organizations vs. human-service nonprofits regarding earned income? For example, arts groups generally charge admission for performances or exhibitions, while human-service organizations usually don't have that option. What percent of its revenue should each type of nonprofit derive from earned income? How should a nonprofit get started earning income?

**A:** Earned-income ventures can be large or small. They can involve the people you serve or not.

Some examples:

- A YMCA offers personal trainers in people's homes.
- A museum sets up a gift shop.
- A homeless shelter holds a car wash.
- An economic development agency runs a restaurant.

Arts organizations tend to have two large sources of earned income: ticket sales (for performing arts) and admission sales (for museums). Many human-service organizations get a large percentage of their funds from a government source. There really isn't a set percentage. Some organizations are more capable of fundraising, while others are more able to earn income. Some provide services that only the government will



**Some nonprofits provide services that only the government will ever want to buy.**

ever want to buy (residential care for the mentally ill, for example). Some do things that are very public, while others are more behind the scenes. It's impossible to come up with a fixed percentage that a certain type of nonprofit should derive from earned income. It depends far more on the individual organization than on the type of nonprofit it is.

To get started, look first at your mission. Review it with your board and staff, and make sure you all agree that a new service fits into the parameters of your mission. To decide whether to focus on earned income, and to plan such a venture, see *Are You Sitting on a Gold Mine? Fundraising Self-Assessment Guide* ([www.snpo.org](http://www.snpo.org)). For a sequence of steps to earned-income ventures, see articles in

the *Enterprise* category in the Society's Resource Center. The articles from Volumes 14-23 are available free on-line at [www.snpo.org/members](http://www.snpo.org/members), and articles prior to Volume 14 are available on CD-ROM at <http://www.snpo.org/resources/productcatalog.php>. ■

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## Nonprofit Crash Predicted; What Can You Do?

The astounding growth of the nonprofit sector in the past few decades will cause a collapse within the next 10 years, much like the 1929 stock market crash, predicts Mordecai Lee, a University of Wisconsin-Milwaukee professor ([mordecai@uwm.edu](mailto:mordecai@uwm.edu)). Nearly 800,000 nonprofits are registered with the IRS, and scores more aren't registered (because they have annual revenues under \$5,000 and thus needn't register, because they don't realize IRS registration is required, or because they don't want to bother and think they won't get caught). Experts estimate there are 1,800,000 U.S. nonprofits today, up from 790,000 in 1977 and 309,000 in 1967. According to Lee, such exponential growth simply can't be sustained.

We're seeing hints of the looming collapse in the many nonprofits that go belly up each year, says Lee in "The Coming Nonprofit Crash," in *PA Times* (American Society for Public Administration, [www.aspanet.org](http://www.aspanet.org), [cjewett@aspanet.org](mailto:cjewett@aspanet.org)). He suggests there may be benefits from the crash. The weakest nonprofits, those with the least support and the most artificial reasons for being, will be gone. The "dinosaurs, lumbering, slow moving and locked into their past traditions" will die off, and the survivors will be the "nimble, fleet footed agencies — probably some of the newer young upstarts." Middle management will probably be eliminated, as has happened in the business sector during the re-engineering of the '80s and '90s. The result will be a leaner sector.

How can you keep your organization from becoming a casualty of this shakeout? Lee's article holds the seeds of some important answers. First, be sure you have many different sources of funding so the loss of one or two won't incapacitate you. Be flexible, adaptable, and unsatisfied with the status quo. Use business models to become more efficient, but hold fast to your mission and to the culture and values that are the sector's special strength. Make an effort to merge, consolidate, or collaborate with organizations similar to yours. Duplication of effort is insupportable in today's nonprofit environment. A spirit of cooperation rather than competition is essential to survival. ■

## Do Your Workers Hold "Second Jobs"?

Many more people are holding "second jobs" as family caregivers than employers realize, and this could pose problems — especially in how it affects workers' stress, health, and work-life balance. A survey conducted for the National Alliance for Caregiving (NAC) and AARP estimates that 4.4 million caregivers provide unpaid care to another adult. Over 60% of these caregivers have had to make adjustments to their work life, from coming in late to giving up work entirely. Be sure you know enough about your workers' lives to help them find a good balance between home and work. Keep them productive by offering flexible hours, access to counseling, and other stress reducers. For more information, see [hr.cch.com](http://hr.cch.com). ■

## Panel Proposes Ways to Increase Nonprofit Accountability

A panel of nonprofit leaders is calling on nonprofit organizations to strengthen their governance and financial disclosure. In its Interim Report, the Panel on the Nonprofit Sector urges nonprofits to do the following:

- **Adopt and implement** a conflict of interest policy.
- **Make sure** that its board includes people with financial expertise.
- **Develop** practices to encourage and protect whistleblowers.

The report includes suggestions for ways the IRS and Congress can strengthen oversight of nonprofits. It also recommends actions to ensure that donor-advised assets are used exclusively for charitable purposes. A copy of the Interim Report is available at [www.nonprofitpanel.org](http://www.nonprofitpanel.org). ■

## Foundations Can Fund Nonprofits that Lobby, Says IRS

Foundations tend to be cautious about funding nonprofit organizations that engage in lobbying. Now, a letter from the IRS makes it clear that foundations may fund groups that lobby. The IRS letter, responding to a request from Charity Lobbying in the Public Interest (CLPI), dispels the misperception that foundation funding of nonprofits that lobby is inappropriate and illegal.

The letter explains that private foundations can fund a nonprofit for a project that includes lobbying if the grant doesn't earmark any money for lobbying and if the amount of the grant doesn't exceed the total budgeted for non-lobbying activities. The letter also notes that community foundations have greater flexibility than private foundations to lobby and to support lobbying activities.

For more information, see "IRS Clarifies Rules for Foundation Funding for Lobbying" ([www.ombwatch.org](http://www.ombwatch.org)). Also see these *Nonprofit World* articles (those from Volume 14 to the present are available free on-line at [www.snpo.org/members](http://www.snpo.org/members), and those prior to Volume 14 are available on CD-ROM at <http://www.snpo.org/resources/productcatalog.php>): "Lobby? You?" (Vol. 9, No. 6), "How Congress Views Nonprofits and What You Can Do" (Vol. 12, No. 5), "How to Lobby without Breaking the Law" (Vol. 14, No. 5), and "Are Lobbying and Electioneering OK?" (Vol. 17, No. 3). ■





Fundraising forum

# Fundraising for

# 44¢

**Here's an easy, inexpensive, and surefire fundraising tactic every nonprofit should try.**

By Nick Levinson

**T**he personal touch works on donors. One convent used it with great results, and it'll cost you 44¢ to try it.

For every donation, even when it was only one dollar, a sister at the convent sent a handwritten note of thanks.

More than that, the note described what the convent did with the gift, even a single dollar. (Even a dollar was likely part of a larger purchase; describe that. Explain what service the purchase helped you deliver. How did someone benefit?)

And the convent's note went a step further. The thank you announced what the sisters aspired to next.

When the convent was planning a new home, the sisters described it in a thank-you note to a donor. They noted that the bill for the terra cotta flooring was going to be \$40,000.

Right after they sent out that letter, a bank called them. The donor had instructed the bank to give the sisters whatever they needed, starting with the \$40,000.

The cost of a note like that is postage (37¢), an envelope (1¢), a piece of paper (1¢), and your file copy (5¢).

## Finding Time

Your time, of course, is precious. If you're busy with more profitable fundraising and that's why you don't have time for personalized thanks to dollar donors, that's wonderful. And that's exactly why you should welcome volunteers.

Volunteers familiar with your organization can write these letters. You don't have to cement every comma yourself. Many volunteers are highly capable of writing well, offering their signature or yours, as you wish.

You can write the high-dollar letters yourself and delegate the low-dollar, low-risk letters. You can review

**Squeeze in as much humanity as you can.**

them in a stack. As each volunteer gets the hang of it, you can spot-check selections of letters, saving time while pushing the personal touch.

When donors send notes with their gifts, let the volunteers answer them. Mix the thank-you tasks with other jobs, so letter-writers stay informed and fresh.

Brevity is fine. Quick notes work well. Mail fast.

## Special for Major Donors

Large donors can benefit from this system, too.

One university had a rule of sevens for their largest donors. The usual letters of praise from the chancellor and the development director were complemented with five more, so the donor soon received seven different letters.

In their case, that meant a letter from a dean, another from a professor, another from a student, and more from perhaps a service manager (such as a librarian or nurse) and a service consumer. Each wrote something personal about how that one donation had benefitted each writer.

Midsized donors can get a midsized response — say, three letters. Small organizations overwhelmed by sevens can scale down to fit and still send more than one letter.

*continued on page 8*



# CREATIVE FUNDRAISING IDEAS

## Put a New Spin on the Benefit Auction

Intiman Theatre in Seattle has created a new kind of auction called the IntiGames. Auction items are procured and auctioned off in the usual way. But after bidding on an item, the high bidder spins a wheel. The number on which the dial lands determines if the bidder pays 10, 50, 75, or 100% of the bid. For more creative takes on the auction idea, see *Benefit Auctions*, published by Pineapple Press ([www.pineapple.com](http://www.pineapple.com)).

## Be Alert to Restaurant Openings

New restaurants want extra publicity. You want extra gift revenue. Those are two good reasons to create a partnership. When you learn a new restaurant is coming to town (realtors, developers, and Chamber of Commerce staff make good contacts for this insider information), be the first to make contact and explore a mutually beneficial fundraiser for your organization. As you plan the event, keep the benefits to the restaurant in mind to help solidify a long-term relationship. For more creative fundraising ideas, see "Special Events Galore!," published monthly for \$79 per year by Stevenson, Inc., [www.stevensoninc.com](http://www.stevensoninc.com).

## Make Your Mail Stand Out

Easing of postal standards now lets you create nonstandard-sized mailing pieces, providing options for your piece to stand out in a sea of direct mail. You can, for example, mail postcards, videos, CDs, DVDs, or boxes that will invite opening by the prospective donor. Consider folding various communication options into your marketing mix. Thus, if one communication performs poorly, another may boost your results. Evaluate outcomes to see which ideas work best for you. See [www.drcharity.com](http://www.drcharity.com).

## Dusty Donors of Yore

Lapsed large donors might like a surprise in the mail. If their gift left a legacy (and it always does), you can write to tell them what it means today.

One school had named a concert hall after a donor. Years later, the school's chief executive sent a short note to the donor, saying he had just attended a concert in the hall named after the donor, and had enjoyed the performance.

One million dollars came in the return mail.

## If They Gave Nothing

A political campaign sent a "nice to see you" letter whenever the candidate ran across someone who gave her a business card. She'd scribble some background on the card. A volunteer would convert her notes into letters, and she'd sign a pile.

A major newspaper article quoted a leading politician extolling the candidate's letters. The publicity resulted in both funds and votes for the candidate.

**You don't have to cement every comma yourself.**

## Letter Style

Donors are never too sophisticated for the personal touch. Make the letters informal, using these tips:

- **Tighten** the writing. Snip "I want to write to you about..." and just tell them.
- **Be liberal** with "you," "I," and "we."
- Use people's names.
- **Doublecheck** spelling and grammar.
- **Tailor** your opening to your donor's needs.
- **Write** or type readably. If you type, handwrite a postscript.
- **Shorten** sentences and paragraphs. Shorten the letter. This isn't your annual report.
- **Don't** apologize if you didn't goof. Don't say "I'm sorry to take your time" when it's a perfectly fine use of their minutes.

## Frankly

Not every letter will splash cash.

It'll take a bunch. That's true of direct mail as well, but the nice news is that thank-you's go to a warm list of receptive recipients. Send a bevy, and some will produce results.

If you're choosing between human thanks and computerized thanks, squeeze in as much humanity as you can. ■

## Editor's References

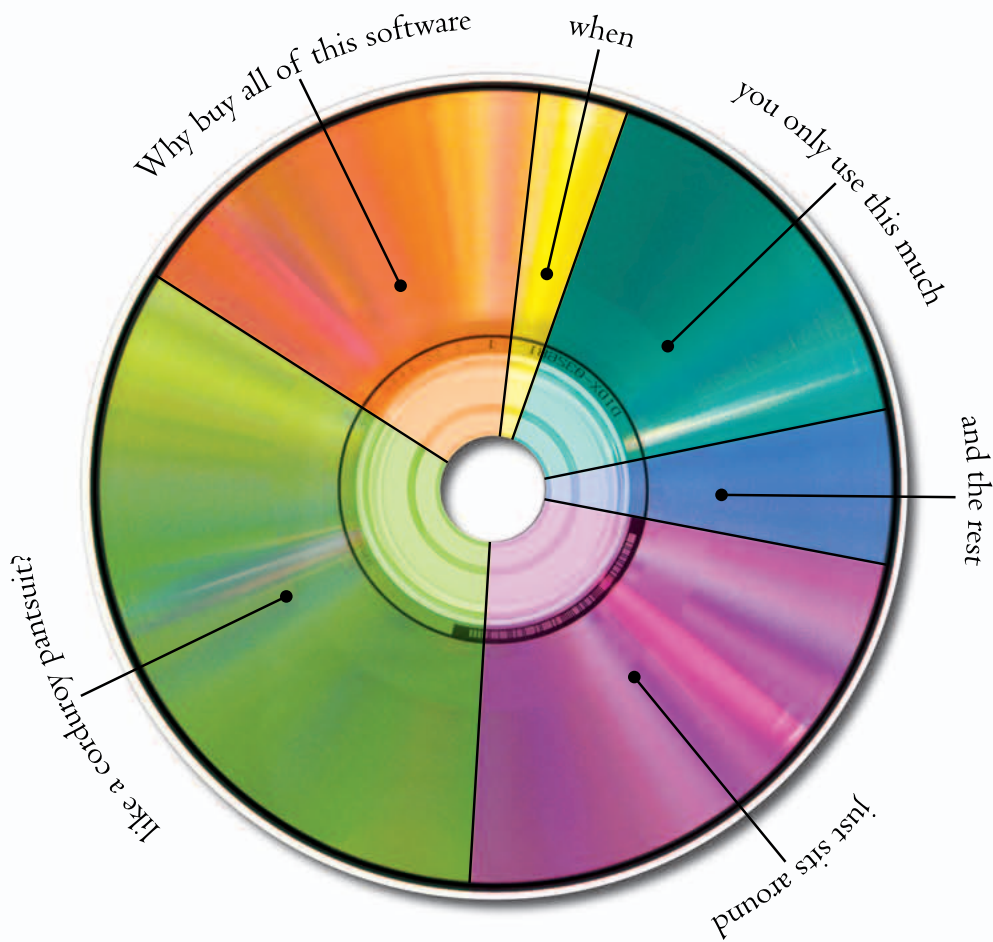
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Robinson, Andy, "Twelve Ways to Say Thank You," *Nonprofit World*, Vol. 16, No. 6.

These resources are available free on-line at [www.snpo.org/members](http://www.snpo.org/members).

*Nick Levinson (P.O. Box 8386, New York, N.Y. 10150) has volunteered for years and now produces independently.*



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# Changes in Charitable Giving May be Imminent

**New Tax Provision Would Generate Billions for Nonprofits**



What can you do to speed these changes along?

By Tom English

Congress and the President are poised to enact tax law changes that will have a profound impact on charitable giving. Nonprofit managers should remain abreast of this legislation and, when possible, influence the process.

## How Do Tax Laws Affect Giving?

On August 13, 1981, the Economic Recovery Tax Act (ERTA) was passed. This law allowed taxpayers who don't itemize deductions to deduct a portion of their charitable giving. The law had a great effect on charitable giving, as reported in *Nonprofit World* in 1992.<sup>1</sup> The deduction was phased out in the mid '80s.

A recent study by United Way of

**It's clear that tax law changes, favorable to charities, are likely in the near future.**

America also concluded that letting non-itemizers deduct charitable giving would have a major effect on giving.<sup>2</sup> The study reveals that more than 2/3 of American taxpayers don't itemize deductions and that a tax provision letting them deduct charitable giving would increase giving to United Way by as much as \$217 million. Since non-itemizers contribute \$36 billion annually to charities, such a provision would lead to billions

more dollars for nonprofits, according to the study.

## What Is the President's Position?

President Bush is serious about a tax law change. He recently said, "I earned capital in the campaign, political capital, and now I intend to spend it." The President is pledging to make permanent the tax cuts of his first term. He also wants to change the current system that he has called a "complicated mess." His tax wishes are considered by many to be likely to pass Congress since the Republican majorities in both the House and Senate are bigger now than when his prior term tax changes were enacted.

There is some fear that the tax

code could be scrapped and replaced by a national sales tax or a value added tax. For example, David Wyss, Standard & Poor's Chief Economist, has stated, "The U.S. tax system is out of step with the rest of the world. We are the only major industrial country that does not have either a national sales tax or a VAT." Either of these tax systems would have a devastating effect on the nonprofit world, as they would eliminate all tax breaks for charitable giving. Many tax experts say it is unlikely that Bush will propose a national sales tax or a flat tax. However, some members of Congress support such a change. What is clear is that a change is on the way. It should be noted that President Bush has indicated that he favors retention of certain incentives such as deductions for mortgage interest and charitable contributions.

### Where Does Congress Stand?

In 2004 the Senate passed the CARE (Charity Aid, Recovery & Empowerment) Act by a vote of 95 to 5. This act includes the provision

to allow non-itemizers to deduct charitable giving in excess of \$250 for a single taxpayer and \$500 for a married couple. The Act includes other provisions to enhance charitable giving as outlined in Figure 1.<sup>3</sup> Although the CARE Act received large support, a House-Senate con-

**If United Way is correct, billions are at stake.**

ference never met to consider it, and it never became law.

The House has considered the Charitable Giving Act (H.R. 7), which is similar to the Senate version (see Figure 1). It passed by a vote of 408 to 13 but, like the CARE Act, never became law.

The CARE Act was recently re-introduced in the Senate. The House is expected to re-introduce similar legislation soon. On March 1, Sen. Rick Santorum (R-PA) introduced an amendment to the 2006 Senate Budget Resolution

which states that the CARE Act has enjoyed huge bipartisan support, that a relevant portion of tax relief in the resolution should be used for charitable aid, and that there is a need for the non-itemizer deduction.

It's clear that tax law changes, favorable to charities, are likely in the near future. Both houses of Congress have shown a recent propensity to pass such legislation, and the President seems likely to sign it. It's also clear that political pressure should be applied to encourage these parties to avoid being sidetracked by items such as social security reform. We've already seen the legislation lose steam in the fall of 2004.

### How Should Nonprofits Respond?

Response from those in the nonprofit sector should be twofold:

1. Ensure that favorable legislation is enacted. United Way has spearheaded this effort with their research. Others should follow suit by making their position public and lobbying for the new tax provision.

*continued on page 12*

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If United Way is correct, billions are at stake.

2. Become familiar with the legislation so you can direct your marketing efforts to those who would be most affected by the law changes. For example, make donors who are non-itemizers aware of the new tax benefits available to them, especially since the greatest dollar impact will come from this source. ■

## Footnotes

<sup>1</sup>English, Denise and Thomas English, "How Do Tax Laws Affect Your Donors?", *Nonprofit World*, Vol. 10, No. 6 (www.snpo.org/members).

<sup>2</sup>"United Way Finds Non-Itemizer Deduction Would Substantially Boost Charitable Giving," March, 2005 (www.unitedway.org).

<sup>3</sup>Source OMB Watch (ombwatcher@ombwatch.org).

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Nonprofit World • Volume 23, Number 3 May/June 2005  
Published by the Society for Nonprofit Organizations  
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## Figure 1

## Rundown of House & Senate Tax Provisions

Provision	House Charitable Giving Act (H.R. 7)	Senate CARE Act
<b>Non-Itemizer Deduction</b>	Sec. 101. Non-Itemizers can deduct amount given over \$250 (\$500 couple) up to \$500 (\$1000 couple); sunsets 12/31/05; started January 2004; requires Dept. of Treasury to report to Congress on effect on giving and compare compliance between itemizers and non-itemizers.	Sec. 101. Same, except started 2003 and sunset December 31, 2004.
<b>IRA Rollover</b>	Sec. 102. Distributions for Individual Retirement Accounts deductible by persons age 70 and over if made directly to an exempt organization; effective tax years beginning 2004.	Sec. 102. Same, but also allows deduction for persons age 59½ for split interest entities (trusts with both charitable and non-charitable purposes)
<b>Increase in Cap on Corporate Contributions</b>	Sec. 103. Increases cap on deductible contributions from corporations on a sliding scale, beginning with 11% in 2004 and reaching 20% by 2012 and beyond.	Not in CARE Act.
<b>Food Inventory Donations Deductible</b>	Sec. 104. Fair market value deduction for wholesome food; started January 2004.	Sec. 103. Similar, but some variance in definition of fair market value; effective on enactment.
<b>Deduction for Contribution of Scientific Research Property &amp; Computers</b>	Sec. 107. Expands deduction to equipment assembled; began January 2004.	Sec. 105. Same.
<b>Additional Giving Incentives</b>	Not in H.R. 7.	Sec. 104. Deductions for contributions of book inventory for educational purposes; Sec. 106-108. Incentives for contributions to encourage land conservation; Sec. 110. Deductions for contribution of literary, musical, artistic or scholarly compositions, or any copyright based on fair market value; Sec. 111. Reimbursement for volunteers' mileage not taxable income; Sec. 112. Extends deduction for inventory to schools, except for computer equipment.
<b>Foundation Excise Taxes and Administrative Expenses</b>	Sec. 105. Reduces tax on net investment income to 1%; administrative expenses can't count toward required 5% annual payout in grants.	Not in CARE Act.
<b>Revenue Raisers to Pay Cost Tax Incentives</b>	Not in H.R. 7.	Eliminates several corporate tax shelters.
<b>Excise Tax on Unrelated Business Income for Charitable Remainder Trusts</b>	Sec. 106. Modifies this tax to make excise tax equal to unrelated business income; began January 2004.	Section 301. Same.
<b>S Corporation Stock and Contributions</b>	Sec. 108. Adjusts basis of S Corporation stock for decrease caused by charitable contribution; effective tax year beginning 2004.	Sec. 109. Same, but starts date of enactment.
<b>Suspension of Tax-Exempt Status of Terrorist Organizations</b>	Sec. 201. Automatic revocation of exempt status for groups designated as terrorist or supporting terrorism; no appeal; effective date of enactment.	Sec. 208. Same.
<b>Clarify Definition of Church Tax Inquiry</b>	Sec. 202. Adds an exemption to the special process for IRS reviews relating to continuing exemption for churches for unrelated business income and information provided by the Secretary.	Sec. 305. Same.
<b>Expands Declaratory Judgment Remedy</b>	Sec. 203. Allows groups to go to court for declaration on qualification for tax-exempt status; effective for determinations made after the date of enactment.	Sec. 306. Same, but effective for determinations starting 12/31/02.
<b>Landowner Incentive Programs</b>	Grants to private landowners from Depts. of Interior and Agriculture tax-free if used for habitat or wildlife protection; effective date of enactment.	Not in CARE Act. (CARE has several different conservation related incentives.)
<b>Modification re Taxes on Excess Payments Made to Controlling Organizations</b>	Sec. 205. Tax on income to controlling organization from subsidiary limited to excess payments.	Not in CARE Act.
<b>Simplification of Lobbying Rules for Charities</b>	Sec. 206. Eliminates the distinction between direct and grassroots lobbying for charities using the expenditure test to measure allowable lobbying; repeals separate limit for grassroots lobbying. All lobbying must still be within expenditure cap; effective date tax year beginning 2004.	Sec. 303. Same, except started 2003.
<b>Holdings of Foundations in Publicly Traded Corporations</b>	Sec. 207. Increases allowed foundation stock holdings of a publicly traded corporation from 2% to 5%, but must increase grant payout from 5% to 6%; effective tax year beginning 2004.	Sec. 113. Similar, but grant payout must increase from 5% to 12%. Increases time for divestiture of holdings from 5 to 10 years.
<b>Compassion Capital Fund</b>	Sec. 301. Authorizes Sec. of HHS to give out \$150 million in FY 2003 for grants to entities that will provide technical assistance to groups operating social service programs, with or without federal funds. Authorizes "such sums as may be necessary" for FY 2004-2007.	Sec. 801-805. Similar, but authorizes same amount of money over four agencies: \$85 million to HHS, \$15 million to the Corporation for National and Community Service, \$35 million to the Department of Justice and \$15 million to the Department of Housing and Urban Development. Defines "social service organization" as one with no more than six full time equivalent employees providing social services and a budget of less than \$450,000. The agencies are required to coordinate their efforts so that funds are distributed equitably and duplication is avoided. In addition, no agency can award more than one grant to the same group for the same purpose.
<b>Individual Development Accounts</b>	Sec. 302. Reauthorizes low-income savings program until 2008.	Sec. 501-512. Reauthorizes and expands the program until 2012.
<b>Corporate Contributions to Faith-Based Organizations</b>	Sec. 303. Sense of Congress statement encouraging greater giving from corporations to faith-based groups.	Not in CARE Act.
<b>Maternity Group Homes</b>	Sec. 304. Authorizes \$33 million in FY 2003 and "such sums as may be necessary" for FY 2004. Requires evaluation of the program.	Sec. 901. Same
<b>Restoration of Funds for Social Services Block Grant</b>	Although H.R. 7 doesn't contain this provision, it has been introduced as a separate bill (H.R. 1858).	Restores \$2.35 billion for FY 03 and \$1.3 billion for FY 04 to SSBG program, bringing total authorization to \$2.8 billion. Restores authority to transfer up to 10% of Temporary Assistance to Needy Families funds to SSBG. Requires HHS to report information submitted by states on expenditure and use of social services funds to Congress annually.
<b>Oversight of Exempt Organizations</b>	Not in H.R. 7	Sec. 201. Public inspection of documents; Sec. 202-206. Disclosure of Web address, and more; Sec. 207. Organizations with budgets of less than \$5,000 a year required to file annual statement re continuing existence and qualification for exemption; Sec. 304. Expedited consideration of exempt status applications for groups applying for federal grants; Sec. 307. Stipulates that conventions or associations of churches won't fail to qualify for exempt status by virtue of having individual members. Miscellaneous provisions addressing specific situations.



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# Free Yourself from Costly Human-Service Duties with a

# PEO

*Using a PEO helps Sacramento River Partners fulfill its mission of providing wildlife habitat.*

**A Professional Employer Organization may be just what you need to cut costs and escape the paperwork jungle.**

Photo by Bob Bernardo

By Bradley S. Avooske

John Carlon was working with The Nature Conservancy in the 1990s when he got an unusual assignment: Help Sacramento River Valley farmer Barney Flynn convert a portion of his land to wildlife habitat. The two men, who might have found themselves on opposite sides of the fence, hit it off. And they both realized that the mighty Sacramento needed a focused conservation effort.

The result of their collaboration was the founding of Sacramento River Partners, a 501(c)(3) based in Chico, California, that creates wildlife habitat for the benefit of people and the environment. Since 1999, Sacramento River Partners has initiated riparian restoration on over 2,000 acres and has expanded to include projects on the San Joaquin, Feather, and Stanislaus Rivers as well.

But with Carlon's attention directed to environmental restoration, Flynn looking out for local communities' interests, and both

working on development, neither man had the time or expertise to deal with the more mundane aspects of organizational management. Take workers' compensation insurance, for example. Or payroll. Not to mention recruiting, hiring, training, and providing benefits for employees as their organization grew.

**"Our PEO answers questions for us quite often, sometimes every day."**

After they'd been around for a year, Carlon and Flynn turned to a growing U.S. industry — Professional Employer Organizations (PEOs) — to handle their workers' comp and do their payroll. The impetus was two-fold: to keep overhead costs to a minimum and to help attract and retain qualified employees. Over time, they've hired 20 staff members and outsourced all their human resources functions.

The PEO now handles their

employee benefits program, which includes health and dental insurance, workers' comp, a 401(k) pension program, and vacation policies. In addition, the PEO helps with payroll, taxes, employee recruitment, and staff performance evaluations.

For relatively small nonprofits like Sacramento River Partners, it's difficult if not impossible to develop competitive health and dental insurance plans and keep costs to a reasonable level. "Because we're part of a PEO that has thousands of employees, we do enjoy a good benefits package," says Carlon. "The same is true for our workers' comp rate: Because we are part of a very large employee pool through our PEO, the rate remains reasonable for us."

These kinds of advantages have fueled 20% to 30% growth in the PEO industry across the country in recent years, experts say. The National Association of Professional

*continued on page 16*





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This Directory is made up of listing information supplied and paid for by the service/product providers. It is made up of two sections. The first lists the providers alphabetically by organization. The second lists the providers alphabetically by the products and services they supply. If you would like your organization listed in this Directory, contact us at 734-451-3582, info@snp.org. Listings are \$395 and appear in the magazine (6 issues/1 year) and on our web site for one year.

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## How to Choose a PEO

A Professional Employer Organization (PEO) can be a godsend for nonprofit organizations that don't want their donor dollars to fund costly, in-house human resources departments. Here are just a few of the many things a PEO can do for you:

- **Provide** competitive benefit packages.
- **Manage** employee files.
- **Take care of** payroll administration and tax reporting.
- **Oversee** benefit and COBRA administration.
- **Develop and implement** safety programs.
- **Handle** workers' compensation claims reporting, year-end audits, new-hire reporting, employee garnishments, 401(k) administration, and myriad other services.

Outsourcing your human-resources department isn't something to leap into, but it's definitely worth looking into. Here's what to do:

- **Take stock** of your needs. Do you need a full-service PEO with all the human resources functions attached, or just basic administration of your payroll and workers' comp?
- **Contact a number of PEOs** and find out what they offer. A list of PEOs (and other helpful information) can be found at the Web site of the Employer Services Assurance Corp. (ESAC): [www.esacorp.org](http://www.esacorp.org).
- **Ask for banking and credit references**, as well as client and professional references, from all the PEOs you interview. Check the references meticulously. Make sure you know exactly what you're getting in terms of benefits and services.
- **Network with other nonprofit organizations** that have outsourced. Find out which outfit they're using and how satisfied they've been with the service and product.
- **Narrow the field** to a few candidates. Then, visit their offices, or ask them to pay your organization a visit. Meet the payroll and benefits representatives who will be working with your staffers. You'll be handing a lot of responsibility over to these folks — they may be issuing paychecks, for example — so you'll want to be sure they're professional, pleasant, friendly, and easy to reach in a pinch, even if it's after hours or during the holidays.
- **Check that the PEO you're considering** meets licensing and other state requirements. Ask if they're members of NAPEO (the National Association of Professional Employer Organizations) and if they're accredited members of ESAC, an accreditation service. ESAC independently verifies its members' financial net worth and operating standards and extends surety bond protection to its membership, providing you a high level of security.

- **Read the fine print** before signing the service agreement. Make sure you know under what provisions you or the PEO can cancel the terms of the contract if need be.

Employer Organizations (NAPEO) estimates that there are more than 2,000 PEO providers in the U.S., responsible for more than \$18 billion in employee wages and benefits going to 2 to 3 million people nationwide.

Along with breaks on employee benefits and insurance, PEOs offer nonprofit organizations relief from the

**Check that the PEO meets licensing requirements.**

mounting paperwork associated with state and federal employment compliance and liability issues. Because PEOs typically represent thousands of workers from many organizations, they can negotiate discounts on workers' compensation and medical-benefit costs, allowing even micro-organizations to offer their employees low-cost, portable health insurance, retirement plans, educational assistance, cafeteria plans with disability, dental, and vision, and more.

For nonprofit organizations, providing competitive employee benefits packages is a powerful recruiting and retention tool. Some PEOs have branched out in recent years and also provide specialized options such as adoption assistance, pet insurance, transportation credits, scholarship programs, after-hours discount programs for entertainment venues, and access to discounted office equipment and supplies through contracts with large vendors.

Complying with the law and freeing Carlon's staff from the HR paperwork shuffle are also important benefits. "Our PEO answers questions for us quite often, sometimes every day," says Mona Cross, Carlon's executive assistant. "The easier questions they answer right on the spot, and for the questions with more complicated responses they call us back within a short time."

The bottom line, for Carlon, is running the organization in the most professional, efficient manner possible. "We feel it's more cost-effective for us to have a Professional Employer Organization handle all these functions," he says, "so our people can concentrate on the work we specialize in." ■

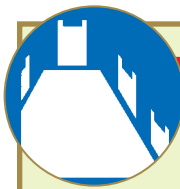
### Resources

Parmenter, Eric, "Play to Your Strengths: Using Outsourcing to Manage Human Resources," *Nonprofit World*, Vol. 17, No. 1.

Vaughn, Emmett, "Outsourcing in the Nonprofit Sector: A Strategic Approach to the Challenges of Growth and Staffing," *Nonprofit World*, Vol. 15, No. 5.

*These resources are available from the Society's Resource Center at [www.snpo.org/articles](http://www.snpo.org/articles).*

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# Is There a Role for Your Board in Raising Funds?

By Doug Eadie

Follow these rules to be sure.

Ensuring that your organization is financially secure and can meet its service commitments is a classic board responsibility. No one would question that paying close attention to your organization's revenues is a valid role that your board should play.

Less clear, however, and the subject of much debate, is how involved your board should be in actually generating revenues, beyond the traditional governing role of setting targets and monitoring revenue flows. At the local level, it's often taken for granted that board service — especially in arts organizations such as museums, orchestras, and theaters — includes playing a hands-on role in bringing in money. This means not only button-holing potential contributors, but also making presentations to funders, and even writing checks.

Direct involvement in raising money has never been a traditional governing role. Severe financial pressures and the need to diversify revenue bases, however, have brought the issue to the forefront.

## Two Simple Rules

Many successful boards accomplish high-impact governing while also involving board members in such non-governing work as raising money by following two simple rules:

### 1. Make certain that governing is the top priority.

Governing comes first — period. No non-governing work should be allowed to dilute or compromise the work of governing. In practice, this means that the bulk of board members' time (85-90%) should be allocated to governing work. In the area of raising money, this means your board must pay attention to



true governing decisions before any hands-on involvement. Examples of such governing decisions in the fundraising area include the following:

- Set revenue targets by major source.
- Identify major new funding sources.
- Lay the professional foundation for fundraising (and for board involvement) by ensuring that an appropriate investment is made in the fundraising function (for example, creating the position of development officer).

### 2. Be sure that the non-governing work is truly high-level and a close fit with the board.

Fundraising is a complex field, involving well-trained professionals in such demanding tasks as researching funding sources, developing complex legal mechanisms (such as endowment funds), writing grant applications, and the like. The professional fundraising job can't possibly be handled by part-time volunteers serving on your board. What board members can do, very selectively, are the following:

- Help identify potential funding sources, drawing on their far-flung contacts.

- Lobby particular funding sources.
- Lend stature and influence to presentations. ■

## Resources

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*These resources are available from the Society's Resource Center at [www.snpo.org/articles](http://www.snpo.org/articles).*



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Nonprofit World • Volume 23, Number 3 May/June 2005  
Published by the Society for Nonprofit Organizations  
5820 Canton Center Road, Suite 165, Canton, Michigan 48187  
734-451-3582 • [www.snpo.org](http://www.snpo.org)

# Servant Leadership

An Ideal for  
Nonprofit  
Organizations



Do you have what it takes to be a servant-leader? Where's the best place to begin?

By Archie B. Carroll

**S**ervant leadership is an increasingly popular management model. Can these two roles — servant and leader — be fused in one person — a nonprofit manager? Let's take a closer look.

## Who Is the Servant-Leader?

Servant leadership is based on the idea of serving others — clients, employees, customers, or the community — as the first priority. The modern era of servant leadership is marked by the works of Robert K. Greenleaf, known as

**“One of the best ways to persuade others is with your ears.”**

the father of this movement.

According to Greenleaf, servant leadership “begins with the natural feeling that one wants to serve, to serve first.” Next, a conscious choice brings one to “aspire to lead.” The model manifests itself in the leader's care to make sure that others' needs are served.

Leaders have two responsibilities: “concern for tasks” and “concern for people.” Servant — leaders are more centered on people than tasks.

In his 1977 book, *Servant Leadership*, Greenleaf credits Jesus of Nazareth for teaching the importance of leaders having a servant's heart. Jesus said that “anyone wanting to be a leader among you must be your servant.”

Though inspired by the teachings and life of Jesus, Greenleaf crystallized his idea of servant



leadership after reading Hermann Hesse's short novel *Journey to the East* (1956). In Hesse's story, a group takes a mythical journey. The central figure, Leo, accompanies the party as the "servant" who does the menial chores, but who also sustains the group with his spirit and song. Leo is a person with astonishing presence. All goes well until Leo disappears. Then the group falls into disarray and their journey is abandoned. They can't make it without their servant, Leo.

The story's narrator, one of the party, finds Leo after some years of wandering. The narrator is taken into the Order that sponsored the journey. There he discovers that Leo, whom he had known as "servant," was in reality the ostensible head of the Order, its guiding spirit — a great and noble "leader." The point Greenleaf took from this story was that great leaders are seen as servants first, and this is the key to their greatness. Leo was actually the leader all the time, but he was servant first because that was his deep internal character.

The servant-leader begins by wanting to serve and then comes forward with the desire to lead. This kind of person is distinctively different from one who is a leader first, perhaps because of a desire for power or money. Of course, the servant-first and the leader-first are two extreme types, and there are a number of shadings between these two models. However, they define a useful range for thinking about leadership.

### What Are the Keys to Servant Leadership?

It's one thing to speak of the aspiration to serve others. But how does this translate into practice? What characteristics should a non-profit manager, board member, or volunteer display to be a servant-leader?

Larry Spears, CEO of the Greenleaf Center for Servant Leadership, has deliberated on Greenleaf's writings and culled 10 characteristics that are essential for servant-leaders:

## Servant-leaders are more centered on people than tasks.

**1. Listening:** Though leaders traditionally have been known for their decision-making and communication skills, they must also focus on careful listening to understand people. As the late Dean Rusk, former Secretary of State, once observed, "One of the best ways to persuade others is with your ears — by listening to them."

**2. Empathy:** According to Daniel Goleman, author of *Emotional Intelligence*, empathy is the ability to understand people's emotional makeup. Effective leaders are empathetic, always seeking to relate to others.

**3. Healing:** Servant-leaders understand the part they play in transforming and regenerating

organizations. Often this places them in the role of healer to people, groups, and organizations.

**4. Persuasion:** Servant-leaders rely on convincing rather than coercing people to accomplish things.

**5. Awareness:** Servant-leaders are keenly aware of what's going on with people. Awareness of others begins with self-awareness. Goleman holds that the hallmarks of self-awareness are self-confidence, realistic self-assessment, and a self-deprecating sense of humor.

**6. Foresight:** Their ability to anticipate outcomes helps servant-leaders understand experiences from the past, assess the present, and look into the future to foresee the likely results of a decision. Leaders with this characteristic are perceptive, anticipative, and proactive.

*continued on page 20*

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## Servant-leaders rely on convincing rather than coercing people.

**7. Conceptualization:** Servant-leaders see the larger picture. They think beyond the moment and see interrelationships among parts. This skill is what enables leaders to engage in strategic thinking. As you move up in the organization, conceptual skills become more important while technical skills become less so.

**8. Commitment to Growth:** Servant-leaders are nurturing. They believe people have an immense capacity for learning and growing. They're committed to the personal, spiritual, and professional growth of those within their sphere of influence. Confirming the importance of growth, James Baillie once noted that "to grow and know what one is growing towards" is an important source of strength and confidence in life.

**9. Stewardship:** Everyone is responsible for being a good steward within an organization, according to Greenleaf. Those who exercise stewardship hold their organizations in trust for the greater good of society. Peter Block, author of *Stewardship: Putting Service Ahead of Self-Interest* reasons that the word "stewardship" should replace "leadership" because it focuses on the next generation and unbuckles us from the language of control and compliance embedded in some definitions of leadership.

**10. Focus on Community:** Building community is an important task of servant-leaders. Developing an organizational culture built on joint interest is vital.

### How Can You Apply Servant Leadership?

Spears identifies six areas in which you can practice servant leadership:

#### 1. Adopt servant leadership

as part of your organization's philosophy. Let the idea of the leader as servant undergird your organization's mission and vision.

**2. Incorporate servant leadership into board education.** Many of Greenleaf's writings focus on the roles of nonprofit boards. His essay, "Trustees as Servants," encourages board members to ask themselves two penetrating questions: "Whom do you serve?" and "For what purpose?" These are key questions driving any organization's sense of mission and strategy.

**3. Integrate servant-leadership concepts into community leadership organizations.** The Center for Servant Leadership in Columbus, Georgia, for example, is creating a community that serves others. It does so through three programs: Servant-Leadership Development, which sponsors retreats, conferences, and training events; Hands on Columbus, which facilitates, coordinates, and evaluates civic involvement and community services; and Asset Builders of Columbus, a group of servant-leaders committed to helping young people build successful futures.

## "Stewardship" should replace "leadership."

**4. Use servant leadership in experiential education or "learning by doing."** Increasingly, educators are writing about the links between the servant-leader concept and experiential learning under a concept called "service learning." (See Bowman in "References".)

**5. Offer servant leadership courses as part of management education and training.** Many books, articles, films, and other resources have been developed for this use. A symposium on servant learning is held every year in Indianapolis.

**6. Apply servant-leadership concepts in personal-growth programs.** Servant leadership is tied to the ideas of M. Scott Peck, Ann McGee-Cooper, and others concerned with the growth of human spirit and potential. As individuals

seek to get in touch with themselves and with God, servant-leadership ideas become a useful theme for spirituality in the workplace. In this connection, Greenleaf argued that your task as a servant-leader is to withdraw and orient yourself, sort out the more important from the less important, and "attend to the more important." Can there be a better way to summarize the excellent fit between servant leadership and the challenges of the nonprofit manager? ■

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# How Do You Come Across to Others?

To produce great outcomes, know yourself and those with whom you work.

By Jim Cathcart

**W**hat's your personality type? Do you know your strengths and weaknesses and how you can best contribute to your organization and to other groups?

To answer these questions, you need to understand the four basic personality types. Throughout history, people who study human behavior have given these four types different names. The well-known Myers-Briggs Type Indicator, for example, is based on the work of Carl Jung, who boiled personality down to the intuitor, the thinker, the feeler, and the sensor.

But it doesn't matter what you call the four types. Call them A, B, C, and D if you want, but these four types exist in everyone. And *one* of those four is your dominant type.

## What's Your Style?

To determine your behavioral style, first rate yourself from 1 to 4 in terms of *openness* – the degree to which you readily share feelings, thoughts, and responses. If you choose 3 or 4, you're highly open. You share your information and feelings readily. If you choose 1 or 2, you're more self-contained. You

**What are you best at doing – taking care of details, taking charge, seeing that everyone's ideas are heard, or making sure everyone feels part of the group?**

usually don't speak without a great deal of consideration.

Next, rate yourself from A to D in terms of *directness*. On the C and D end of the scale are people who are so direct they're almost blunt. To make a point, they'll say exactly what's on their mind. They let you know where they stand on an issue and aren't at all reluctant to take a position. On the opposite side of the scale are indirect people, who are a little more tactful. They're more cautious, waiting to see what develops before acting. They appear passive rather than active.

Now see where you are on the grid in Figure 1 (on page 22). If you chose a 1 or 2 with an A or B, you're a *thinker*. Thinkers are logical, systematic, detail-oriented.

If you chose a 1 or 2 and a C or D, you're a *doer*. Doers are usually direct and active. They usually don't speak without a great deal of consideration.

*continued on page 22*



**When they adapt to one another, the four types can make a wonderful team.**

D, you're a **director**. Directors are take-charge types. They measure things by outcomes, like to get things done, and hate to waste time. They move quickly and decisively.

If you chose A or B and 3 or 4, you're a **relater**. You're the kind of person who tends to be soft-spoken, easy-going, and people-oriented. You love to be involved in discussions, like to build one-to-one relationships, and tend to be the center of your work and home life.

If you chose a 3 or 4 and a C or D, you're a **socializer**. Socializers are always talking; they always have something to say. They're the life of the party, thriving on connections with people and moving at a lively pace.

Remember, you have all four patterns in you, but one of those patterns is the most dominant. That's the pattern by which people know you.

### How Does Your Style Blend with Others?

Any time you understand someone else's behavioral style, you'll know how you can best relate to them initially. It's like the tip of the iceberg of personality. Underneath the surface, there's a lot more to personality — values, intellect, and so on. But on the surface we see the behavioral style, and we can

learn to quickly identify someone's style by noticing their level of openness and directness. Then we can figure out how to get into alignment with them early in the relationship.

For example, it's useful to know what might irritate a person with whom you're working. Here are some common irritants for the four behavioral styles:

- **Thinkers are irritated by disorganization** and lack of thoroughness. Being asked to "share something about yourself" in a group would alarm a thinker.

**Which irritates you most — disorganization, confrontation, lack of results, or being ignored?**

- **Relaters are upset by confrontations.** They hate getting into awkward situations that might threaten their relationship with someone else. They like to avoid conflict. If you want to stay on their good side, keep things as smooth and pleasant as possible.

- **Directors are annoyed by indecisiveness** and lack of results. Anything that slows them down will annoy them. On the road, for instance, they can't stand to be behind a slow driver.

- **Socializers are most bothered by being left out or ignored.** To get along with socializers, bring them into the loop, and keep them

informed. Send them update memos, and leave them frequent messages.

Keep in mind the following strengths and weaknesses of both your own behavioral style and that of others:

- **Thinkers** tend to be orderly, precise, neat, conscientious, and careful. They can also be a bit fearful, defensive, dependent, traditional, restrained, and non-expressive.

- **Relaters** are loyal, attentive, patient, mellow, cooperative, and pleasant. On the negative side, they can be indecisive, possessive, hesitant, and poor delegators.

- **Socializers** tend to be open and trusting, enthusiastic, compelling, optimistic, and charming. But they can also be overly emotional, gullible, superficial, highly talkative, imprecise, and unfocused.

- **Directors** tend to be leaders. They're good at initiating. They're competitive, powerful, assertive, confident. On the other hand, they can be impulsive, forceful, pushy, inattentive, demanding, and impatient.

When the four types aren't flexible, they can be the greatest possible irritation to each other. But when they adapt to one another, they can make a wonderful team. A director takes charge. A socializer sees to it that everyone's ideas are heard. A relater makes sure each person feels part of the group. The thinker handles the details.

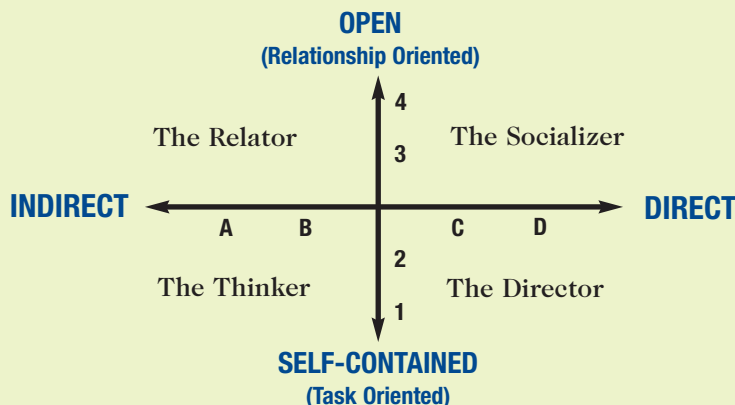
When you pay attention to these different personalities, you and others can align yourself so that you work together in concert. Alignment produces harmony, and harmony produces great outcomes. ■

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Nonprofit World • Volume 23, Number 3 May/June 2005  
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**Figure 1**

### Behavioral Styles



# 8 Ways

## to Improve Leadership Team Meetings

When leaders meet, their time is too valuable to waste. Use these tips to get things done.

By Tiziana C. Dearing

Meeting time among senior leaders is like gold — precious, rare, and best in large blocks. Yet few leadership teams achieve the leverage they should from that time. Too often, executive teams find themselves discussing with no outcome, tabling decisions for more information, and reaching consensus that isn't really consensus. These problems waste time, create unnecessary complexity, and undermine leaders' authority with their staff. Considering the costs, leaders can't accept such inefficiency.

Fortunately, eight simple practices will increase the quality and quantity of output from leadership team meetings. What makes these strategies specific to leadership meetings is their focus on *decisions*. You must constantly make and communicate clear decisions about running your organization. These eight tactics will help you do so:

### 1. Know the Agenda in Advance.

- Notice the compound idea here — *having* an agenda, and *knowing* it in advance.
- Pick a day at a reasonable interval before the meeting, and

Turn each agenda item into a question.

make it the due date for the agenda. Do this every single time.

- Add “emergency business” to the agenda, to leave time for unexpected issues.

- Communicate the agenda deadline to all direct reports. Make it clear that slipping in items after the deadline undermines success. Don't tolerate it except in times of genuine need.

### 2. Have a Process.

- Use the same process for every leadership team meeting. Such consistency drastically reduces “down time.” It also makes some of the other steps in this article — like having an agenda and calling in experts — possible.

- Don't follow the process so rigidly that it becomes a liability. As with all rules, this one has exceptions. Still, breaking from the process should be just that, an *exception*. Otherwise the team will never find its groove.

### 3. Identify Decisions.

- At the beginning of the meeting, turn each agenda item into a question. Then have the whole team focus on answering that question. This approach greatly simplifies decision-making.

- If people propose items that can't be turned into questions, ask them to spend more time on these issues before the next meeting. If it's not a question, it isn't ready for the prime time of a leadership team meeting, and it shouldn't take up precious meeting time.

### 4. Set a Decision-Making Threshold.

- Know what constitutes a “thumbs up” or “thumbs down” team decision. Do decisions require 100% consensus or a simple majority? Can the chief executive or team leader make the final call? Should a certain number of team members be present for major policy decisions to go forward? Without an explicit threshold for agreement, dissenters have room to undermine or even reverse decisions. When the dissenting pressure

*continued on page 24*

mounts — and sometimes it does, even against brilliant decisions — the leadership team must be able to say, “Look, when x% of this team agrees to something, we’ve made a solid, final decision. We understand and appreciate the opposing concerns, but we have to move forward now.”

• **Remember** that different thresholds pose different trade offs. Picture a continuum, with a single decision maker on one end, and 100% team consensus on the other. Moving toward the 100% end increases the decision’s credibility. But it also increases the time and effort required to reach a decision. Sometimes it also threatens innovation; it’s difficult to build broad consensus about things new and cutting edge.

• **Be willing** to change your threshold if necessary to get the job done.

### Provide Three Things at All Your Meetings

Boost your meetings by keeping these three principles in mind:

**Focus** on the actual decisions at hand.

- Prepare the agenda before hand.
- Have a standard meeting process.

**Be clear** about the issues, their implications, and their final outcomes.

- Pinpoint the decisions to be made.
- Agree on a decision-making threshold.
- Use staff expertise to provide information about issues.

**Follow through** by communicating your decisions to the organization for immediate implementation.

- Write out a summary of your decisions.
- Take good notes.
- Assign responsibility for communicating outcomes.

## 5. Put Staff Experts to Work.

• **Before the meeting, put a staff member in charge** of each decision to be made. Ask staff members to create tight, concise briefs (around two pages long) summarizing the following:

- the decision to be made
  - any background critical to making the decision
  - the main pros and cons
  - implications of the possible outcomes.
- **Make the brief due** two days before the meeting. Be absolutely firm about the desired content and length of the brief. If a brief is poorly written, too long, or missing key content, send it back for revisions within 24 hours. If this seems harsh, remember that what you’re doing is requiring everyone in the organization to think clearly about issues affecting themselves and the people you serve. It’s only professional, and it’s appropriate.

• **Be sure people read the staff briefs** and make good use of them. Don’t be one of those teams that sends your staff on briefing fire drills, only to show up at your own meeting without having looked at the data. That’s a waste of everyone’s time and disrespectful to colleagues.

• **During the meeting, be ready to call in anyone** who wrote a briefing to answer questions people may have about it.

## 6. Summarize Decisions.

• **Never leave a decision or subject** and go on to the next without writing out — in complete sentences — the basics of what the team decided.

• **Make certain everyone sees and agrees** on the language of this summary.

• **Don’t skip this step!** How many times have you attended a meeting, reached consensus, and then heard someone later say, “That’s not what I thought we agreed on”?

## 7. Create a Record.

• **Have someone take notes** of your meeting. You’ll find these

notes invaluable. If you discover confusion when summarizing a decision, good notes will sort that out. They’re also useful in creating follow-up communications, and they provide good backup when reporting decisions to the board — helping you demonstrate how you deliberated, what you considered, and what data led you to the decision you made.

• **Be sure the note taker strikes a balance** between taking thorough notes and not writing so much that the team feels uncomfortable having a free, open discussion.

• **Choose a note taker** who has knowledge of the team and whom the group trusts. An executive assistant can perform this task well, as can a chief of staff or office manager. Some teams prefer to rotate note-taking responsibility among themselves. This is fine, as long as the note taker still can participate fully in the discussions.

## 8. Assign Communication.

• **At the end of every leadership meeting, review** the outcomes. Decide who should communicate what, to whom, for each item.

• **Set firm “communicate by” dates.**

• **If necessary, review as a team** exactly what the communication should say.

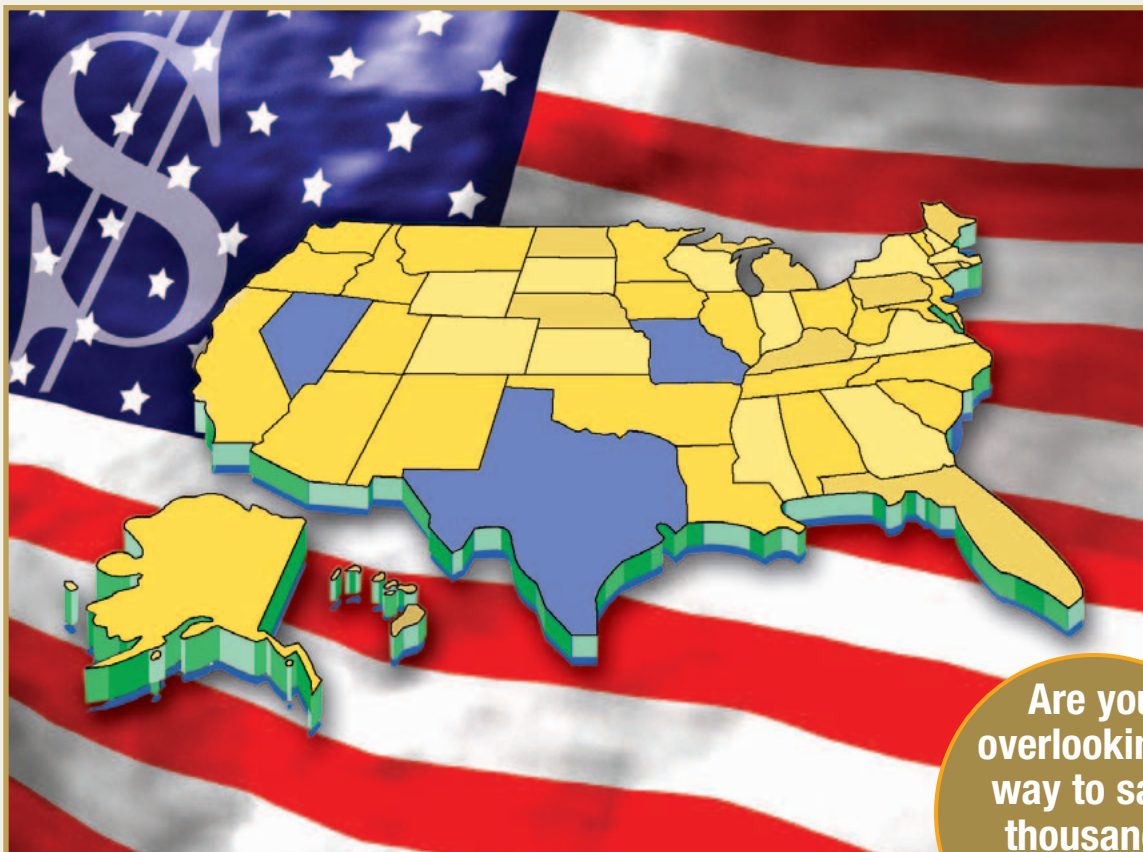
• **Keep in mind** that the whole point of conducting efficient leadership meetings is to make decisions and put them into action. Spreading the word quickly and clearly will increase the team’s credibility and eliminate confusion. ■

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# A Creative Way to Save Money

Stop Paying State Unemployment Taxes



Are you overlooking a way to save thousands of dollars a year?

By Cecilia Piazza

Thinking outside your routine is uncomfortable, but in the long run it can have great benefits. Nowhere is this more true than when it comes to money management. While you probably put a lot of energy into finding new ways to raise money, you may be overlooking out-of-the-box options for *saving* money. One such option is to leave your state unemployment system. Doing so could save you thousands of dollars a year.

## Is It Legal?

Not only is this option legal, it is available *only* to nonprofit organizations. The Internal Revenue Code notes that “the states are required to provide nonprofit organizations, or groups of such organizations, with the option of reimbursing the state for unemployment compensation payments attributable to the service with the organization in lieu of paying contributions under the normal tax

provisions of the state law.”<sup>1</sup> Simply put, nonprofit organizations can switch from contributing into the state tax system and become reimbursers for their own unemployment claims.

## Is It Financially Viable?

By reimbursing for your own claims, you’ll likely save between 40% and 60% of your current payments to the state system. With the state, you pay a fixed amount every year whether your unemployment

*continued on page 26*

claims reached that amount or not. So year after year, you're over-paying into the state system. And the state never refunds that money to you.

So becoming a reimbursor and paying only for your own claims is definitely the way to save money. It's amazing how many nonprofit organizations are unaware of the savings they could realize by withdrawing from the state program.

### Is it Safe?

Many nonprofits are hesitant to leave the state program due to the serious risks involved. For instance, in a year when a nonprofit loses funding and runs into unanticipated layoffs, the dollar amounts of filed claims could potentially devastate an organization. But there's a safe alternative to paying state unemployment insurance taxes: You can join an unemployment administration program.

Such programs are safer than self-insurance and more affordable than state plans. In an unemployment administration program, you don't subsidize the high rates generated because of turnover in the for-profit industry. And with a good unemployment administration program, you won't be paying a fixed rate every year as you do with the state. Instead, you reimburse the state dollar for dollar.

### Are Nonprofits Using This Option?

First Nonprofit Mutual Insurance Company decided to see how many nonprofits use their option to withdraw from the state program. With the support of United

**Not only is this option legal, it is available *only* to nonprofit organizations.**

Way, they surveyed a sampling of nonprofit organizations. The survey revealed that very few nonprofit organizations were using this option – either because they knew nothing about it or because they thought it was too risky.<sup>2</sup>

Based on the survey, First Nonprofit Companies formed the First Nonprofit Unemployment Savings Program, LLC, to educate nonprofits about using this option. Last year this program saved nonprofit organizations a total of \$282,879 off their total unemployment costs.

### How Can You Take Advantage of This Opportunity?

Once you've elected to take advantage of this tax break, find an unemployment program specialist to help you transfer from state-paying to reimbursor status. When choosing an unemployment program, look for the following features:

- expert claims advice
- expert claims investigation
- stop-loss protection in the event of unforeseen financial circumstances
- interest on your account
- a program administrator dedicated to nonprofit organizations
- a program in which each

nonprofit is evaluated individually

- a growing membership.

### Is It Worth Your While?

This opportunity is a goldmine that only nonprofits can access. It gives them additional dollars every year without any hassles or strings attached. The benefits are real, and the law supports this method.

And remember, the money you save is unrestricted income — unlike the money you raise through donations and grants, which is usually earmarked for certain purposes. Thus, you can use it for any purpose at all.<sup>3</sup> ■

### Footnotes

<sup>1</sup>IRC Section 3309 (a)(2).

<sup>2</sup>The survey concluded that 819 Illinois nonprofits were paying unemployment taxes of \$11,800,000 and that they could reduce their annual unemployment costs by 50% or \$5,900,000. For more information on the survey, call 800-526-4352.

<sup>3</sup>See Ries & Alstadter in "References."

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These resources are available from the Society's Resource Center. The articles from Volumes 14-23 are available free on-line at [www.snpo.org/members](http://www.snpo.org/members), and articles prior to Volume 14 are available on CD-ROM at <http://www.snpo.org/resources/productcatalog.php>.

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# Beyond the Single E-mail Message: Running Effective E-mail Campaigns



Use these keys to maximize your e-mail results

By Vinay Bhagat

**W**ith 71% of people in the United States using the Internet, more organizations are moving communications with their constituents online for a variety of purposes: regularly scheduled newsletters, ad hoc or time-sensitive updates, and campaigns to drive fundraising, membership, or advocacy. But today's Internet environment isn't the same as it was a year, or even six months, ago.

As constituents become overloaded with e-mail messages, organizations must plan and execute e-mail campaigns with new approaches that address the challenges of today's wired world to inspire the greatest response rates. From deciding how many e-mails to send to whom, to determining which messages will get the best response, strategic e-mail campaign planning and execution are key. Here are a few techniques to increase your results:

## Design an Effective E-mail Campaign

An e-mail campaign is a unified series of messages targeting a specific audience to support a specific goal. Goals for an e-mail campaign might include the following:

- **Recruit** new donors from a pool of e-mail subscribers or activists.
- **Renew or upgrade** current members or donors.
- **Motivate** advocates or e-mail subscribers to respond to an advocacy alert.

- **Encourage** donors to sign up as volunteer fundraisers.

As with direct mail, organizations typically need to send more than one message to drive a response. After an initial e-mail communication, however, it is important to suppress people from the mailing list who have already responded before sending follow-up e-mail messages.

For example, if your first e-mail targets 1,000 people and generates 50 responses (in other words, a 5% response rate), then the next e-mail should be sent to the 950 people who didn't respond. Continuing to ask the 50 respondents to take action when they've already done so runs the risk of annoying and alienating people who've already provided support. The best e-mail marketing software today allows an organization to configure e-mail campaigns (versus individual e-mails) that automatically cull respondents from the list so they don't receive additional e-mail appeals or calls-to-action for the same campaign.

## Test the Message for Greater Response

Just as with postal mail, the messaging and presentation of e-mails can affect response rates. Despite emerging best practices in crafting e-mail campaign messages (for example, making a single ask in each e-mail), every organization still needs to test the effectiveness of its messaging, use of images, and subject

*continued on page 28*



## View your e-mails as a unified series of communications.

line copy to optimize response rates. One strategy to increase response rates is to conduct an A/B test.

A common (but sometimes cost- and time-prohibitive) practice in direct mail, A/B testing is the technique of creating two test e-mails with a different single element — such as the message or subject line — in each one. Each message is sent to different “test cells,” or groups of constituents, made up of a random sample from an organization’s target list. The message that gets the best response is the one that should be used for distribution to a wider audience. The latest e-mail marketing tools make it easy to run

online A/B tests to enhance the performance of a nonprofit’s e-mail campaigns.

### Measure Results

Measuring results is critical to determining campaign effectiveness. Look not only at the response rate and other key metrics (such as e-mail open rates and click-through rates) for each e-mail in the campaign series, but also at the cumulative performance of the campaign while it’s underway and at its conclusion.

Continuing the example above, if the second e-mail sent to the revised target list of 950 generates 30 responses (a 3.2% response rate), the cumulative response rate from the campaign would be 80/1,000 or 8%. Rather than averaging the response rates on each individual e-mail (showing a 4.1% response rate), you know that the campaign has drawn 8% response from the campaign after just two

related e-mails.

Measuring results on the campaign as a unified series of communications, in addition to viewing each e-mail separately, gives you a much more accurate assessment of how the campaign is working and what results you can expect on future campaigns. Be sure to use e-mail marketing software that automatically tracks responses at a campaign level, making this type of analysis simpler.

### Be Open to New Approaches

With people and communications moving online, e-mail campaigns today require new approaches supported by advanced e-mail marketing software. As nonprofits grow their e-mail files and continue to step up use of e-mail marketing, expect to see more best practices and analysis techniques from the world of direct mail applied to online direct-response marketing. ■

### Resources

Allen, Nick, “Using E-mail & the Web to Acquire & Cultivate Donors,” *Nonprofit World*, Vol. 21, No. 1.

Bhagat, Vinay, “Online Advocacy: Mobilize Supporters to Take Action,” *Nonprofit World*, Vol. 21, No. 6.

Bhagat, Vinay, “The New Marketing Model for Nonprofits,” *Nonprofit World*, Vol. 22, No. 6.

Crooke, David, “E-mail Deliverability: Increase Your Chances of Getting Through,” *Nonprofit World*, Vol. 23, No. 2.

Frenza, JP & Leslie Hoffman, “Fundraising on the Internet: Three Easy Strategies,” *Nonprofit World*, Vol. 17, No. 4.

*These resources are available free on-line at [www.snpo.org/members](http://www.snpo.org/members).*

*Vinay Bhagat is the founder and CEO of Convio ([www.convio.com](http://www.convio.com)), a leading online Constituent Relationship Management (or eCRM) company serving the nonprofit sector.*

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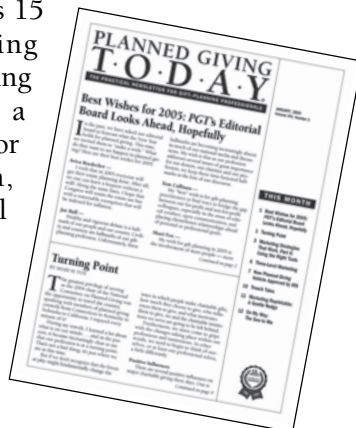
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### ▣ Ideas for Leading with Passion

In their monthly e-message (www.LeadWithPassion.com), Michael Kroth and Patricia Boverie offer these tips for leading with passion:

- **Make it a priority** to live, work, and play passionately, and to embrace every moment. Follow your great joy, and live your passion every day.
- **Develop a passionate work environment** by transferring your own enthusiasm for the organization to all others who come into contact with it.
- **Focus on treating your employees and customers right**, being ethical to the core.
- **Be future-oriented**, and don't spend time trying to "get" the folks who "got" you or living in the past.
- **Build a workplace** where you yourself want to go every day, that's more fun than any other place you can imagine.
- **Create a new position** with the unofficial title of "chief nurturer," whose role is to make employees feel nurtured and supported.
- **Make work significant.** Leaders are meaning-makers, whose job is to help employees understand the significance of what they do, no matter how trivial the work may seem.
- **Take time for reflection** and learning. Too often, managers think employees should spend every second "producing." Real value comes from giving people time to think, share, and learn from each other. ▣

### ▣ International Giving Shows Remarkable Growth

International giving by U.S. foundations grew faster than overall giving between 1998 and 2002, reaching \$3 billion for the fourth year in a row in 2003, a Foundation Center survey shows. Such giving totaled only \$1.6 billion in 1998. Factors in the growth include new international funders such as the Bill & Melinda Gates Foundation, an increasing number of community foundations, and increased giving by many established funders. Although most survey respondents expect their giving to remain steady or increase, nearly 80% say that overseas giving is now more difficult due to a more demanding regulatory environment, including increased security and bans on transactions with organizations deemed to be associated with terrorism. The study, "International Grantmaking III," can be downloaded for free at [www.fdncenter.org/research/](http://www.fdncenter.org/research/). ▣

### ▣ How Do Laws and Regulations Affect Your Organization?

If you think nonprofits are becoming more and more regulated, you're right. But regulation isn't always a bad thing. In *Governing Nonprofit Organizations: Federal and State Law and Regulation* (Cambridge, MA: Harvard University Press, www.hup.harvard.edu), Marion R. Fremont Smith explains the laws affecting nonprofits in a historical context. Examining case law, administrative statutes, and IRS regulations, she gives us a better understanding of how these controls affect the way nonprofits function.

This 570-page book provides a fascinating and comprehensive view of why there are regulations, how they work, and how they might be improved. It doesn't get bogged down in legalese, making this treatise on law understandable and actually interesting. ▣

— reviewed by  
Terrence Fernsler

### ▣ Nonprofit Reporting Problems Obscure True Expenses

Nonprofit organizations do a poor job of reporting expenses on federal tax returns, according to the "Nonprofit Overhead Cost Study" (<http://www.coststudy.org>). A surprisingly high percentage of nonprofit organizations (37%) with private contributions of \$50,000 or more reported no fundraising costs. It's implausible that so many nonprofits would have zero fundraising costs, the study's authors note, since organizations must spend money to raise money.

The survey found that many nonprofits have only limited systems for tracking whether expenses are for program, administrative, or fundraising purposes. Survey results point to pervasive problems stemming from misunderstandings of accounting rules and weak infrastructures. One reason nonprofits tend to invest less in organizational infrastructure is that many grants limit how much can be spent on overhead costs. Nonprofits also may under-report fundraising and overhead costs because many donors have the misconception that the lower these costs are, the better the nonprofit uses donations. The information in this study should encourage funders to support administrative and fundraising costs and help nonprofits find better ways to show the true cost of operating. ▣

### ▣ Benefits of Donor-Advised Funds Detailed

A new book explains the benefits of donor-advised funds, a fast-growing charitable vehicle in which donors establish a fund and recommend how it will be distributed to nonprofits. While aimed at financial advisors, the guide will also interest nonprofits that want to encourage donor-advised giving. It is available for \$6.95 from Lightbulb Press ([www.lightbulbpress.com](http://www.lightbulbpress.com)). See also “Will Donor-Advised Funds Revolutionize Philanthropy?”, *Nonprofit World*, Vol. 19, No. 2 ([www.snpo.org](http://www.snpo.org)). ▣

### ▣ How to Transform Your Workplace

In *Transforming Work* ([www.perseuspublishing.com](http://www.perseuspublishing.com)), Patricia Boverie and Michael Kroth provide five keys to assure that everyone in your organization (including you) loves to come to work each day:

1. **Be passionate about your cause**, and draw out passion in people throughout your organization.
2. **Cultivate an environment of trust**. Be trustworthy yourself, and trust your co-workers.
3. **Learn to take risks**, and encourage risk-taking among your staff and board members. Provide incentives rather than penalties for trying new things.
4. **Never stop learning**. Constantly explore new things. Learn from the risks you take. Help your co-workers do the same.
5. **Build self-efficacy**. Believe in yourself, and help others in your organization to believe in their abilities and talents. ▣

### ▣ Final Report on 9/11 Giving

The Foundation Center has released its final report on the story of the nonprofit sector’s response to the 9/11 attacks ([www.fdncenter.org/research/911](http://www.fdncenter.org/research/911)), noting that more than \$1.1 billion has been awarded by foundations and corporations, many of which adopted a long-term approach, making grants over two to three years. Almost \$191 million provided services to individuals and families, more than \$66 million helped businesses and communities rebuild, and almost \$10 million went toward rescue and recovery efforts. ▣

### ▣ Characteristics of a Mission-Based Manager

A good nonprofit leader always puts the organization’s mission first. Peter Brinckerhoff calls it mission-based management. In a recent article on his Web site ([www.missionbased.com](http://www.missionbased.com)), he details four essentials of being a mission-based leader:

1. **Balance mission needs with available resources**. Understand that you need to have the resources in hand before you provide the service. No more going out, doing work, and believing that “the money will show up.”
2. **Be creative, and take risks on behalf of the people the organization serves**. It’s easy to tell others to innovate, but remember, you have to lead — and be willing to change yourself.
3. **Lead by example, motivating your staff, board, and community**. You need to be an example in your actions, not just in your words.
4. **Be a communicator**. Communicating well isn’t an inherited skill. It’s one that is learned and needs to be practiced, whether the communications form is public speaking, writing, or one-on-one interaction. ▣

### ▣ The EZ Road to Fundraising

If your fundraising events are growing stale, here’s a place to get new ideas. Part of a series of E-Z books, *Fund Raising Made EZ™* (Made E-Z Products, [www.socrates.com](http://www.socrates.com)) arranges 75 events into groups based on expected revenue. So, if you need to raise just a few hundred dollars, you would go to the first section; events that raise tens of thousands of dollars are in the last section.

Fundraising made “ez” is just that. The author, Dr. William F. Stier, Jr., doesn’t delve into the myriad details needed to make an event a success. This isn’t a how-to book. It’s more of an idea book for your organization. Stier emphasizes that each organization should consider the resources and audience available to it when deciding on an event.

If your library has a copy, take a look at it. You’re likely to find an idea you hadn’t thought about before. ▣

— reviewed by  
Terrence Fernsler

### ▣ Are You Ready for Online Donations?

It’s getting easier and less expensive to raise funds online. Before you begin, though, you need a good Web site and an e-mail communication plan. For help getting started, download the free handbook “Develop an Online Giving State of Mind” at [www.groundspring.org](http://www.groundspring.org). ▣



## ❑ Could a Technical Volunteer Help Your Organization?

To decide if your organization could use a technical volunteer, ask yourself these questions about your technology needs:

- **Is your need short-term or ongoing?** For regular maintenance like backups and user support, consider training someone on staff. Volunteers' schedules are often variable, so it's best not to count on a commitment of more than a few months. An example of a good volunteer project might be helping you decide which donated computers are worth using and making recommendations for upgrades and recycling options.

- **Is your project urgent?** If so, it's best to hire a consultant or system administrator. If your time line is flexible, however, a volunteer may fill your need. For instance, if you need training on how to use your database for a deadline several months from now, a volunteer might be perfect. Volunteers are excellent for one-on-one tutoring.

- **Is the project limited in scope?** An ideal volunteer project is one you can break into specific tasks with a clear deliverable at the end. For instance, creating and managing a database or Web site is almost always too big a project for a volunteer. Instead, engage a volunteer for components of the job, such as helping you evaluate Web hosting companies.

- **What time commitment does the project require?** If your project requires more than 20 hours over two or three months, a consultant might be a better solution.

- **What kind of follow-up will be needed?** If the project requires ongoing maintenance, you may want to hire or dedicate a staff member.

- **How large is your organization?** If you have more than 15 or so computers, consider hiring a part-time or full-time system administrator or contracting a consulting firm to do regular maintenance. Volunteers can still be useful on specific tasks but can't substitute for ongoing support.

For more tips, see "Working with Technical Volunteers: A Manual for Nonprofit Organizations," [www.compumentor.org](http://www.compumentor.org). ❑

## ❑ Congress Seeks New Taxes & Constraints on Nonprofits

Congress has issued a report ("Options to Improve Tax Compliance and Reform Tax Expenditures") on ways to close the budget gap, including suggestions for picking up revenue from nonprofits. Among these recommendations:

- **Deny tax-exempt status** to organizations that fail a five-year review for renewal.

- **Extend intermediate sanctions** to impose more taxes on nonprofits.

- **Limit deductions** for land, conservation easements, and gifts of clothing, household goods, and other property.

- **Tax nonprofits** that go out of business or convert to for-profit status.

As Attorney Don Kramer notes, nonprofits mustn't take this report lightly. These proposals would be relatively easy to impose, since there's not a well organized constituency to oppose them. It's time for nonprofits to "redouble their efforts to show their local members of Congress" what charities do for our society and how they would be adversely impacted by these rules. For more information, see [www.nonprofitissues.com](http://www.nonprofitissues.com) and <http://www.house.gov/jet>. ❑

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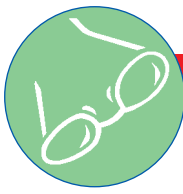


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# Are You Ready to Go Global?

Read this book first.

By Jean Hardy Robinson

## Going Global for the Greater Good: Succeeding as a Nonprofit in the International Community

By Bonnie L. Koenig. 141 pages. Hardcover. San Francisco: Jossey-Bass, [www.josseybass.com](http://www.josseybass.com)

Bonnie Koenig's fine book will fill a need for nonprofits that are already "going global" as well as those that think they should. Interweaving a discussion of "why" with many tips for "how," Koenig has written a case for more thoughtful expansion across borders by organizations whose missions will benefit from this geographic growth.

Answers to the question of "why" to go global often grow out of strategic planning. Koenig emphasizes the enrichment that global perspectives bring to programming. Organizations often find solutions to persistent problems when they look beyond their borders for creative ideas, new collaborators, and successful models.

The book is also rich in "how not to's." Examples include making such culturally insensitive choices as using a toll-free number that's good only in the USA or requiring payment for conference fees in US dollars without offering an alternative.

Language is a huge issue. Even if international organizations decide to operate in English, they must constantly evaluate who is being excluded as a result. Koenig suggests one easy accommodation at a conference: Identify members who speak languages other than English by a name tag notation such as "Je parle francais."

**Colleagues in other parts of the world may expect a longer period of building trust before making commitments.**

The financial resources necessary to develop global alliances or friendships are an important consideration. For example, if an organization pays transportation costs for board members, can it cover the expense of international travel? If teleconferences will be substituted for face-to-face committee meetings, can the organization identify costs and resources to add that technology? What can be budgeted as "seed funding" for international expansion? As Koenig demonstrates, it is naïve to assume that a nonprofit already stretched thin can successfully add an international dimension without added resources.

In issues such as recruiting international members, board members, or staff members, Koenig wisely advises that an incremental approach is best. Often Americans assume that relationships can lead to meaningful collaboration within a short timeframe. Colleagues in other parts of the world may expect a longer period of building trust before making commitments.

Most organizations going international confront operational issues before they face the need to re-examine governance models. In membership organizations, however, both issues must be addressed promptly. Will expansion result in new chapters in foreign countries, affiliates with

autonomy to develop materials that "fit" the local culture, or strategic alliances that recognize common objectives but preserve distinctions? If there is a dues structure, then "equal" services must be provided if comparable dues are expected.

Koenig devotes a chapter to "Communicating Your Messages Effectively" because she recognizes the importance of sensitive and effective communication across borders of all kinds. She provides useful checklists and guidelines that should be widely appreciated.

Finally, Koenig's models illustrate just how diverse the path to globalization can be. She provides examples representing a trend toward decentralization by country or region, with a solid core based on mission.

Perhaps the most challenging aspect of going international is that changing world conditions magnify the already daunting pace of environmental change in any single country. New technologies constantly need updating. Trends that seem clear may not come to pass. Nevertheless, Koenig believes in the value of accepting complexity "for the greater good." Let's hope that many nonprofit leaders will read her book and be convinced that the potential rewards of going global outweigh the challenges. ■

*Jean Hardy Robinson, Ph.D. ([jean@jhrresources.com](mailto:jean@jhrresources.com)), provides management consulting to nonprofit organizations. She has provided counsel to many global organizations.*

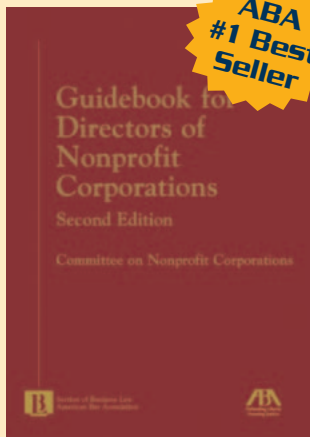
# What Every Nonprofit Director and Manager Should Know about Effective Governance for Nonprofits

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Edited by Victor Futter, Judith A. Cion and George V. Overton  
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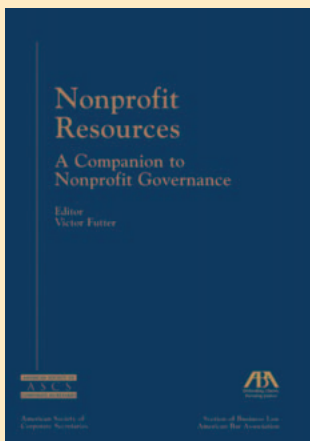
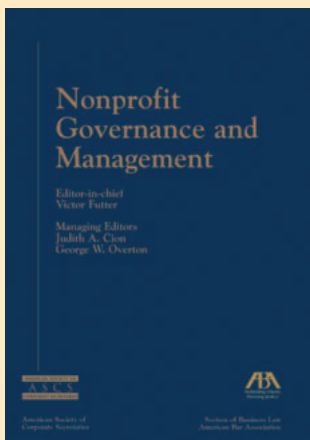
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