NONPROFIT World

Advancement Through Sharing

Volume 23, Number 5
September/October 2005

PSAs, the Olympics of Nonprofit Advertising

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- A Survival Guide for the Executive Director
- Using Multi-Generational Marketing to Target Donors
- No Need to Work on EQ
- Manage for Today, Mentor for Tomorrow

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feature story

"Will your bones live as long as you do?" was a public service announcement from the American Academy of Orthopaedic Surgeons (AAOS). For ideas on creating successful public service announcements for your organization, see PSAs, the Olympics of Nonprofit Advertising" on page 18.

NONPROFIT WORLD

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Purpose

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

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

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

Editor's *page*

Putting the Pieces Together

Success comes from knowing which perspective to apply when.

If you're like most executive directors, your biggest challenge isn't learning the skills you need but deciding when to apply each one. Your struggle, as the authors of *The Executive Director's Survival Guide* put it, isn't so much how to do your many tasks but how to put all the pieces together, be effective, and still have time for yourself. (See the review of this solid and engaging book by Mim Carlson and Margaret Donohoe on page 32.)

The lines between leader, manager, and administrator have become so blurred that people often use these words interchangeably. But each is a separate role with sharply different priorities. Success comes from knowing which perspective to apply when.

The authors of "The Three Roles of Nonprofit Management" (page 22) describe these roles, how to differentiate among them, and how you can move smoothly from one to another. As their article makes clear, the ability to play the right part at the right time is, perhaps, the most important skill you can master.

Be careful not to fall into the trap of viewing your job solely through one lens. To check whether you're using all three viewpoints properly, see "How Well Are You Balancing Your Three Roles?" on page 23.

No matter which part you're playing, you must remain aware of your one overarching role — temporary caretaker of the mission. To paraphrase Carlson and Donohoe, this caretaker function requires that you be not only a leader but a supporter. Supporting others ensures that the organization will continue to be strong after you leave. In "Manage for Today, Mentor for Tomorrow" (page 28), Michael Shenkman explains how to include mentoring in your plans.

With all your responsibilities, it's easy to keep working harder and longer, putting more and more of yourself into your job. That would be a mistake. You'll be more effective if you find a balance between your home and work lives. (See "Developing a Strategic Plan for Your Life" on page 31.)

The best way to encourage organizational and personal change is to develop your emotional intelligence (EQ). Successful people in all walks of life have high EQs (see "No Need to Work on EQ" on page 24).

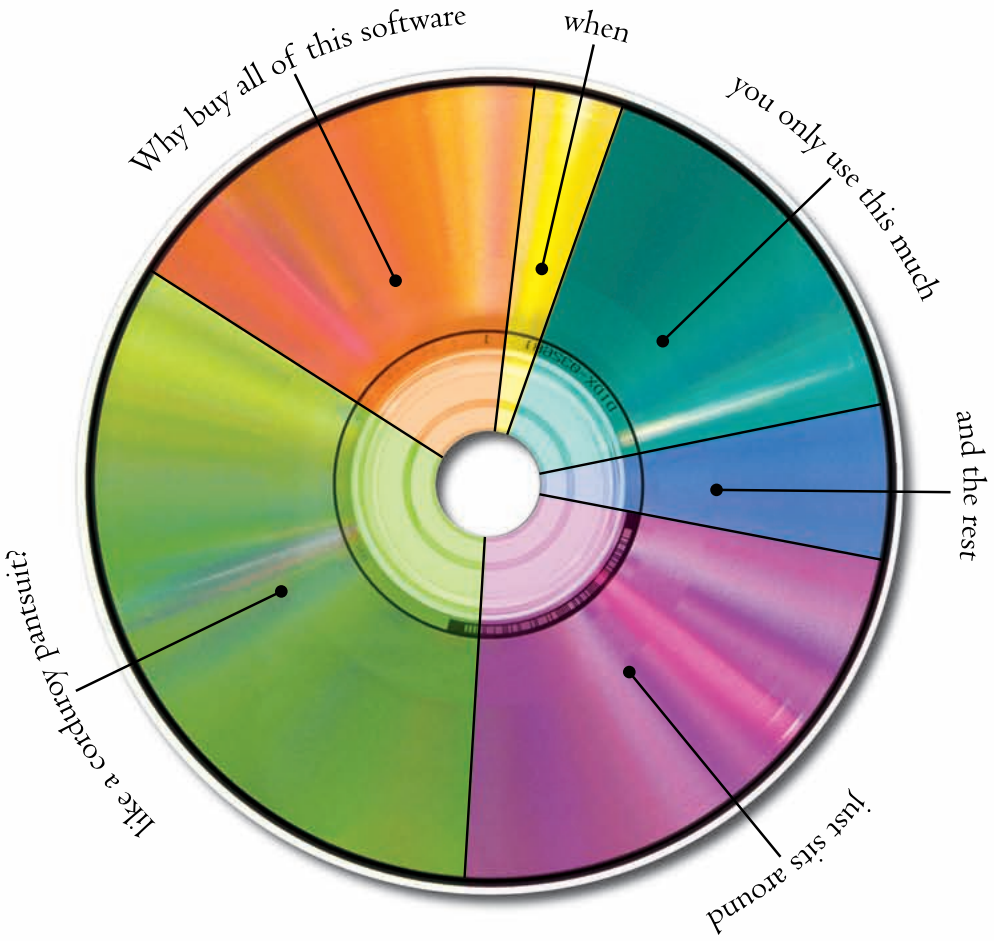
The higher your EQ, the more energy you'll have to put into your job, and the more resilience and flexibility you'll bring to your many personas. Everyone in the organization will benefit. "Ten Ways to Raise Your EQ" on page 25 will give you a good start.

While your ultimate goal is to help the organization accomplish its mission, you also need to use that mission to turn on a new light for people outside your organization, as Chuck Husak reminds us on page 18. You must be a communicator in the broadest sense, spreading excitement about your organization far and wide.

While all these roles, responsibilities, and details may sound overwhelming, the good news is that you don't have to do it all alone. The more you can delegate and involve others, the healthier your organization will be. (See "Getting and Keeping Involvement" on page 31.) Remember that your success doesn't lie in the myriad details of your job. It lies in the grace with which you weave them all together. ■

Jill Muehrcke

Jill Muehrcke
Editor, *Nonprofit World*



Letters *to the editor*

The Problem with Choosing Successors

Nonprofit World always comes with surprises. The Editor's Page is particularly clever: an essay on one theme, usually with each point supported by its own article. And the look of the magazine is interesting. The graphics get attention. As does a lead that draws parallels to Hitler and bin Laden ("Seconds in Command as Logical Heir Apparents," Vol. 23, No. 2). No one's falling asleep reading this.

The succession problem remains vexing. One would think the deputy would be a logical successor, as the author emphasizes, but two problems arise: (1) Seconds-in-command are often weak. (2) They make too many enemies.

No one's falling asleep reading this.

There's much to be said for letting managers select their own assistants, but they often select someone less qualified than they are, apparently for contrast so that they look indispensable. And seconds-in-command are unlikely to show much initiative in directions the CEO hasn't long approved.

The other problem is inherent in their job, which often is to be the hatchet, the bulldog, and the all-around meanie. The deputy could cobble together a small circle of personal loyalists, but that's dangerous when someone else signs the paychecks, so the deputy will probably be almost a loner in the office, albeit with the CEO's enormous gratitude, if anyone asks, and if no one asks it'll be evident through the time-honored technique of Kremlinology.

Proposing that promotions into top jobs should happen sooner, the author tiptoes around one problem: It only works if the CEO wants to leave, and wants to leave soon. The same rationale that supports tenure limits (freshness of perspective and of alliances) applies to deputies' jobs, leaving succession timing moot. (I support tenure limits, but their absence is widespread.) If the board finally has to send the CEO packing, they'll tell the deputy to go, too, because there'll be a trust issue.

The author is right that deputies ought to be seriously considered, and his article certainly provides much food for thought. I just wonder if the problems are surmountable.

Exercise is good. I exercise my brain and emotions by reading *Nonprofit World*. Thank you for giving me so much to think about. ■

Nick Levinson
New York, New York

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Taking a Stand

I commend *Nonprofit World* for urging nonprofits to advocate for legislation that would allow non-itemizing taxpayers to deduct their charitable contributions ("Changes in Charitable Giving May be Imminent," Vol. 23, No. 3). Important as such a law would be to the sector, yours is the only publication, to my knowledge, that has taken such a solid stand.

I'm very impressed with the thorough yet concise and readable information you provided on the House and Senate provisions and what they would mean to nonprofits. As you explained, billions of dollars may be at stake, yet I've found few people in the nonprofit sector who understand the implications and the need for action.

Nonprofit organizations are a huge force in this country, though they rarely if ever take advantage of that fact. They could probably accomplish whatever they put their minds to, if they would only come together and take advantage of their power.

Thanks for the interesting and reader-friendly way you keep nonprofits informed and on the cutting edge of invaluable new ideas. And in the process, your articles are always fun to read! ■

Mark Monroe via e-mail

Thank You from Korea/Sri Lanka

Wow! The Society for Nonprofit Organizations is great! I just received my log-in information, looked at the latest issue of *Nonprofit World*, and feel the information is so very well worth the subscription price.

Thank you and the Society! ■

Gregg, Educate for Service
Korea/Sri Lanka

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!

Ask *the experts*

How to Celebrate Your Organization's Anniversary

Here are some ideas to stir your imagination.

Q: Our organization's 25th anniversary is coming up, and we're looking for ideas to celebrate. Any suggestions?

Edie Dahlen, Director of Development
Community Violence Intervention Center
Grand Forks, North Dakota

A: You're wise to spend time planning for your anniversary. An anniversary is an ideal time to solidify bonds, make an impact, and reflect on your organization's past, present, and future. You can make your year-long celebration as elaborate or modest as you like, but do organize something, and start planning as soon as possible. Some ideas:

Form an anniversary committee. Start by listing your goals for your anniversary year. The more specific this list, the more successful you will be. Is your main purpose to become more visible in your local community? To attract donations? To increase participation? Who will your main audiences be? Brainstorm ideas.

Hold a contest to choose a special anniversary logo. Use this logo on all your anniversary communications. Put it on mugs, bumper stickers, or other keepsakes to sell or give away. Feature it on your Web site.

Ask businesses to sponsor your anniversary. Secure media sponsors in order to garner public-service announcements. Be sure to add your sponsors' names to your anniversary communications.

Write a history of your organization. Use it as a basis for articles in your newsletter, local papers, Web site, and handouts.

Appoint a photographer to take photos during your anniversary events.

Select one person to work with the media. Schedule as many appearances as possible on local TV and radio shows.

Plan events in keeping with your organization's mission statement. Examples: a time capsule, telethon, festival, auction, poster or essay contest, parade, marathon, concert, open house, or costume ball.

Create a speakers' bureau, and give talks about your organization at schools, libraries, and meetings of civic groups.

Invite people from other nonprofit organizations to a dinner at which you honor those who have made a difference in your community.

Erect and dedicate a memorial commemorating your organization.

Produce a slide show or video highlighting your organization's accomplishments.

Partner with organizations whose missions are in concert with yours. Plan joint events, and leverage resources. Tie into existing programs and events.

These ideas were gleaned from the following Web sites: www.synodresourcecenter.org, www.rotary.org, www.lib.niu.edu. Also see these *Nonprofit World* articles, available at www.snpo.org/members: "Taming the Beast: Four Keys to Special Events" (Vol. 20, No. 4), "Is an Auction Right for Your Organization?" (Vol. 21, No. 5), "The Care & Nurturing of Corporate Friends" (Vol. 14, No. 1), "Yes, You Can Make Powerful, Affordable Videos" (Vol. 14, No. 2), "Tell Your Organization's Story with Slides" (Vol. 6, No. 1), "Does Your Organization Need a Speakers' Bureau?" (Vol. 18, No. 5), *Public Relations and Communications* category of CD-ROM. ■

Advertiser's Index

IRS Clarifies Car-Donation Rules

The IRS has issued a notice explaining when donors may deduct full fair market value (rather than only the resale price) for gifts of vehicles. Notice 2005-44 states that when a nonprofit makes either a "material improvement" or "significant intervening use" of a donated vehicle, the donor may deduct fair market value if the nonprofit provides a contemporaneous written acknowledgment. The nonprofit must send this acknowledgment to the donor and the IRS within 30 days of receiving the gift or, if it sells the vehicle, within 30 days of the sale. The acknowledgment must certify the nonprofit's intended use or material improvement of the vehicle, intended duration of this use, and the fact that the vehicle won't be sold before completion of this use and improvement.

The IRS defines "material improvement" as major repairs that significantly increase the vehicle's value. Cleaning, waxing, and minor repairs aren't considered material improvements. "Significant intervening use" means that the nonprofit uses the vehicle to further its regular activities and that this use is significant rather than incidental. Using a car to deliver meals every day for a year would be significant intervening use.

Donors may also deduct fair market value if the noprofit sells the vehicle at a price significantly below fair market value to a needy individual in direct furtherance of the nonprofit's charitable purposes (for example, providing transportation to low-income people). In this case, the nonprofit's acknowledgment must certify that the sale will further its charitable purposes.

To view the IRS notice, visit http://www.irs.gov/irb/2005-25_IRB/ar09.html. For more information on the American Jobs Creation Act, which sets out the basic requirements for receiving gifts of vehicles, contact Gammon & Grange, P.C., www.gandglaw.com, 703-761-5023. ■

Guide to Employing People with Disabilities

A new guidebook explains how to be sure you're complying with the Americans with Disabilities Act (ADA), how to find qualified workers with disabilities, how to put disability research into practice, and how to model what other organizations have done to integrate people with disabilities into the workforce. For more information, see "Disability Employment 101," www.ed.gov. Also see "How to Accommodate Disabilities under ADA," *Nonprofit World*, Vol. 18, No. 5, available free at www.snpo.org/members. ■

New Rules, Empty Pockets: Funding Faith-Based Services

Three executive orders have created centers for faith-based services in federal agencies. Both USAID and HUD have issued rules ensuring that faith-based organizations can compete for funding on an equal footing with other organizations. So why has funding for faith-based organizations at the state and local levels deteriorated recently? A new report details the funding problems of the "Faith-Based Initiative" (www.ombwatch. org/article/articleview/2505 /1/297). ■

A Sharper Eye on Nonprofits

The nonprofit sector must become pro-active if it wants to head off a "gathering storm" of increased enforcement and penalties, IRS officials stated recently. According to the IRS, the main areas they will be checking are donor-advised funds, inflation of tax deductions, and executive compensation. See "Executive Compensation: Rewarding Excellence and Ensuring Governance" on page 14 for tips on assuring that executive compensation meets IRS guidelines. ■

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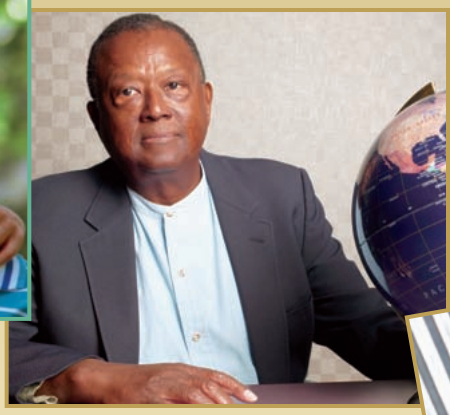
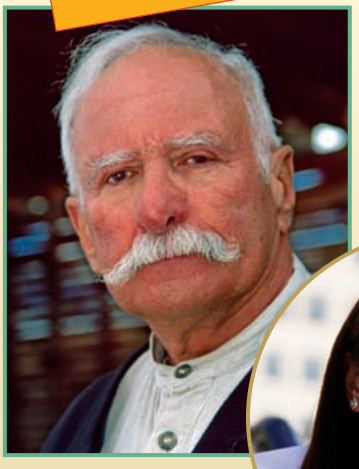


Are you ready to reap the benefits of the greatest-ever transfer of wealth?



By George Williams

The greatest transfer of wealth in history will occur over the next 50 years. A portion of this wealth will find its way directly to nonprofit organizations, but the remainder will be distributed among four of the five living generations. Nonprofit leaders who understand the backgrounds, morals, values, characteristics, institutions, lifestyle preferences, and priorities of each generation, and who can adjust their fundraising, communication, and marketing strategies accordingly, will reap the greatest benefit. Is your organization ready?

The best way to ensure your organization's longevity is to build relationships with each generation represented in your community. Generationally-determined lifestyles, social values, and shared experiences have as much, or more, influence on donors' decisions than do such factors as income, gender, and education. Only by knowing the underlying values of each generation will you be able to tailor your communications to

their needs, interests, and desires. Understanding and capitalizing on the different generational perspectives is the key to increasing your response rates and expanding your donor base.

Each generation has preferred methods of communication and trusted sources they will use to learn about your organization. There will be exceptions, but the following descriptions are generally unique to each of the five living generations:

1. THE G.I. GENERATION (born 1901-24)

The G.I. Generation built glistening new suburbs, invented miracle medicines, and launched rockets. They experienced the Great Society and Model Cities but were worn down by Vietnam, Watergate, deficits, and lack of vision. Their lives began with high expectations, which were shattered by World War I.

Those born from 1912–21 came of age during the Great Depression and experienced economic strife, elevated unemployment rates, and having to take menial jobs to survive. The transfer of wealth from the G.I. Generation has already taken place in many respects, but there are still ways to build rapport with them:

- **Use face-to-face communication** as much as possible with this group.
- **Try getting in touch** with this group through their children.
- **Remember that financial security** rules their thinking.
- **Contact them through professional advisors,** such as lawyers and financial managers.
- **Talk to them** at formal social gatherings and recognition events.

2. THE SILENT GENERATION (1925-1942)

When the Silent Generation grew up, conformity seemed to be the ticket to success. As a group they're not likely to break the rules or disrespect authority. They grew up in tough times when simple things were rationed, when saving for a rainy day was considered prudent, and when morals and ethics defined a person's character.

Slow to embrace anything new, the Silent Generation distrusts change and prefers the status quo. They saved their money and consider retirement and leisure time rewards for sacrifices made earlier in their lives. Their attitudes were formed during an era in which they became united against common enemies. They witnessed America's emergence as a superpower.

The Silent Generation also experienced a time of remarkable economic growth and social tranquility, a time of family togetherness. They participated in the rise of the middle class, sought a sense of security and stability, and expected prosperous times to continue indefinitely. Post-war grandparents are healthy, active, educated, and endowed with sizeable nest eggs.

Spending by grandparents on their grandchildren is on the rise, and grandchildren of this generation stand to inherit substantial wealth. As the Silent Generation enters elderhood with unprecedented affluence and a reputation for indecision, they worry whether they will outlive their savings. Here's how you can create bonds with this important group:

- **Emphasize** "traditional" values — discipline, self-denial, hard work, obedience to authority, conformity, commitment, responsibility, celebration of victory, financial and social conservatism.
- **Promote** a "you-earned-it" attitude.
- **Earn** their trust. They believe that people's word is their bond.
- **Don't waste** their time. They want their information presented to them in summary form.
- **Use formal language** in your written and face-to-face communications with this generation.
- **Appeal to** patriotism, teambuilding, and sacrifice for the common good.
- **Show your appreciation for them** with messages such as "We respect your experience" or "We value your perseverance."
- **Don't stereotype them** as "seniors." They hate the term.
- **When planning events** for this group, note that romantic themes, candlelight dinners, and soft music strike a chord with them.
- **Treat them** as having a badge of distinction and honor. Respecting them because they overcame daunting odds to achieve success gives this group "permission" to spend their money.
- **Don't dismiss** computer technology. While as a group they feel no need to be part of the information age, some embrace new technology.

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Younger members of the Silent Generation form a portion of the fastest growing group of Internet users.

• **Use inclusive words** such as "we" and "us" to create a sense of trust.

• **Offer activities** that are easily digestible, presented in a non-confrontational and non-controversial manner.

• **Stress simplicity** when promoting a product or service. This group sees convenience, accessibility, ease of use, service, and support as key features that will sell them on new technologies and products.

• **Take advantage** of such key communication methods as face-to-face conversation, formal social events, recognition and tribute events, professional advisors, direct mail, telephone, and the Internet.

3. BABY BOOMERS (1943-60)

The Boomers are the creation of postwar optimism, the children of World War II veterans. Their parents wanted them to have the best, and they grew up as indulged youth during an era of community-spirited progress. As young adults they turned against the secular blueprints of their parents, demanded inner vision over outer vision, and valued self-perfection over teamwork.

Boomers lived through an economic boom and tremendous growth, which was tempered by a series of tragic events that included civil rights abuses, assassinations, Vietnam, Watergate, the Apollo 13 disaster, an increase in international terrorism, and shootings of world leaders. They witnessed technological feats of wonder, followed by breakdowns that produced a sense of despair. This led them to rebel against conformity and to carve a perfectionist lifestyle based on personal values and spiritual growth. Challenging institutions has been a way of life for this group. They appointed themselves arbiters of the nation's values and crowded into culture careers such as teaching, religion, journalism, marketing, and the arts.

Throughout the past decade, Boomers have seen their sense of entitlement ripped apart. High-paying jobs, large houses, and multiple cars disappeared during the massive layoffs of the late '80s and early '90s. Rocked by years of relentless change, they now long to stabilize their careers.

This generation is the most populous and influential of all. They have enjoyed unprecedented opportunities in education and employment. They are truly the "Me" generation and feel entitled to a "good life." To them, autonomy is key. They want to do it by themselves. When communicating with Boomers, follow these suggestions:

Spending by grandparents on their grandchildren is on the rise.

• **Cater to their need** to rebel and forge their own path.

• **Recognize their attraction** to new products and technologies that will make their lives easier.

• **Present information** in terms of categories and options. They want facts before they make a decision. But don't overload them with too much data. They desire to simplify.

• **Give them** quick fixes. Perfect programs for them would require little change in habits and produce improvement instantly.

• **Provide plenty of personal gratification** and public recognition. Motivational messages such as: "You're important to our success," "Your contribution is unique and important to us," and "We need you," will work best.

• **Eliminate any bureaucracy** in dealing with Boomers. They don't appreciate rules for the sake of having rules and are eager to get rid of the command-and-control style of earlier generations.

• **Give them a cause** to fight for, and they will give their all.

• **Use word-of-mouth** communications from trusted advisors and friends to sell this generation on a program. They tend to seek the advice of someone who has the knowledge they need or who has participated in the program they are considering.

• **Tie your programs** to health, wellness, and family values, which are all-important to Boomers.

• **Pay attention** to your body language when talking to Boomers. Communication should be open and direct but not controlling.

• **Answer their questions** thoroughly. Don't be surprised if they press for details.

• **Give them options** that show flexibility in your organization.

• **Let them know they're in charge** of their decisions. Self-directed funds are popular with them.

• **Use social gatherings and professional seminars** to create word-of-mouth advertising.

• **Communicate** through the Internet. Older Boomers form a portion of the largest growing group of Internet users.

• **Show** a sense of fun.

• **Use such key communication methods** as social and recognition events, professional advisors, direct mail, face-to-face conversation, and e-mail.

4. GENERATION "X" (1961-81)

The "Xers" could be dubbed the "Why Me?" generation. They are the shell-shocked products of changes that are ripping apart the fibers of society, the family, and the workplace. Often denounced as "slackers" by the media, they are actually a savvy generation, eager to take on new challenges.

Characterized by an economic and psychological "survivor" mentality, these "latchkey" children grew up quickly, experiencing rising divorce rates and violence.

They are disillusioned with almost everything and feel they're reaping the sins of their forefathers.

More Xers were raised in single-parent and working-parent homes than any other generation. Thus, they took greater responsibility for raising themselves and tend to be less traditional than any other generation.

Xers watched their parents suffer devastating job losses and became wary about their own future. They entered the job market in the wake of the Boomers and were hit hard by downsizing as the economy plunged into recession. It's natural that they're skeptical of authority and cautious in their commitments. Their self-reliance has led them, in unprecedented numbers, to embrace free agency over company loyalty. They start about 70% of the new businesses in the U.S.

As young adults, they maneuvered through a sexual battlefield that included AIDS. As a result, they date and marry cautiously. Their splintery culture, with music ranging from grunge to hip-hop, has a hardened edge. Politically, they lean toward pragmatism and non-affiliation, and they would rather volunteer than vote.

Xers consider hard work a necessity. Unlike their predecessors, they won't rely on institutions for long-term security. They see technology changing their world, and to them, nothing is permanent. Here are some ways to communicate with Xers:

- **Give them plenty of access** to information.
- **Ask for their feedback,** and share information with them regularly. Keep them in the loop.
- **Reassure them** that the choices they're making are sound. Xers are still somewhat unsure of themselves.
- **Give them leadership roles** if possible. They're free agents, not team players. They don't like to feel they're being controlled.
- **Help them plan for the future** and balance the demands of work, family, and personal life.
- **Attract them with initiatives** that will make things more useful. They value practicality.
- **Ask them** to volunteer on entrepreneurial projects. Give them a lot of stimuli, a challenging environment, and flexibility without long-term commitment.
- **In face-to-face communication, use short sound bites** to keep their attention. They prefer an informal communication style.
- **Don't use overly slick** marketing pitches. Xers are skeptical of modern advertising.
- **Be frank,** and present facts in straightforward fashion. They demand candor and honesty.
- **Learn to speak** their language. Talk to Xers in a way that says, "You're different. We respect that." Such communication is very effective because it drops all pretensions and addresses them directly in a non-threatening way.
- **Give them opportunities** to learn, grow, and improve themselves.

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• **Make good use of group events** and word-of-mouth recommendations from Xers' peers. They think communally and often make decisions together.

• **Motivate them** with statements such as: "There aren't a lot of rules here," or "This is not a formal establishment," or "Do it your way."

• **Emphasize such communication methods** as the Internet, e-mail, multi-media, word-of-mouth, social events, and peer gatherings.

5. THE MILLENNIAL GENERATION (1982-2000)

The Millennials have developed an amazing optimism. They are well grounded and wise for their age and feel that preceding generations have made huge mistakes. They recognize problems in our world and want to correct them.

This generation's attitudes result from a backlash against hands-off parenting and a resurgence of values. Their beliefs resemble those of the generation of 1900-1920. They are civic-minded.

The Millennials' greatest advantage is that of being born into a technological society. Change is both normal and visual to them.

Millennials represent an immense untapped market.

They watched the Gulf War on television.

They consider education critical. They respect teachers, and most are planning for lifelong learning experiences. They don't, however, believe that educational institutions are doing an adequate job.

They know no limits. They are goal oriented, highly motivated toward their perceptions of success, and already planning for marriage and a family.

Many Millennials feel that positive race relations are hampered by government intervention and the biases of certain minority groups. They expect to change this. Most are color-blind when they relate to other people and accept each other as individuals little different from themselves.

Each generation has preferred methods of communication.

Millennials are evenly dispersed across the political spectrum and aren't bound to any political party. They're pessimistic about the performance of government leaders, lawmakers, and the media. They like to be encouraged to break the rules.

Idealistic and social-cause-oriented, they represent an immense untapped market. Nonprofits who can connect with this group will reap tremendous benefits. Here are ideas for communicating with Millennials:

• **Appeal to their belief** that they can make the future better.

• **Be sure they know** that your organization's mission speaks to a purpose greater than the bottom line.

• **Feature** your organization as an instrument of change.

• **Give them** systematic feedback — as it happens. They value positive reinforcement at accelerated rates compared to older generations and want more input into all things in which they participate.

• **Use family events and gatherings** as ways to communicate with Millennials.

• **Contact them** through their parents and grandparents. Coming of age during a shift toward virtue and values, Millennials admire their parents but trust their grandparents even more.

• **Take full advantage** of technology. The Internet is the Millennials' playground, and that playground has no boundaries.

• **Use language that paints visual pictures** and action verbs that challenge.

• **Send them messages that stress team spirit,** such as "You'll be working with other bright, creative people," or "You and your team can make this initiative a success."

• **Approach this generation** through e-mail and voice mail, but use visual communication to motivate them.

• **Encourage them** to explore new paths or options. They crave challenge.

• **Use humor** to show that you don't take yourself too seriously.

• **Embrace** diversity. One third of all Millennials are from a minority group, and diversity in communications is attractive to them.

• **Use such key communication methods** as e-mail, voice-mail, the Internet, and multi-media. ■

Resources

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

Glasrud, Bruce, "Beyond Diversity," *Nonprofit World*, Vol. 18, No. 2.

Mitchell, Mark & Robert Orwig, "Gen X: How to Manage, Market, & Motivate Them," *Nonprofit World*, Vol. 16, No. 1.

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

Tucker, John, "The Silent Generation Speaks Up," *Nonprofit World*, Vol. 10, No. 1.

These resources are available at www.snpo.org/members. Also see Learning Institute programs online: Resource Development (www.snpo.org/li).

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Executive Compensation

Rewarding Excellence and Ensuring Governance

By Patricia K. Zingheim, Jay R. Schuster, & David A. Thomsen

It's the law — and the best way to create a high-performance organization.

It's the board's job to set executive compensation that's reasonable, competitive, and based on actual performance. The IRS, believing that many boards aren't fulfilling this duty, has begun scrutinizing the way nonprofits compensate their executives.

States are also getting involved. State regulations, such as California's Nonprofit Integrity Act of 2004 and New York's Not-for-Profit Corporation Law, require that nonprofit boards take the review and approval of executive compensation seriously.

Where does your executive compensation program stand compared to objective measures of reasonableness? If state or federal regulators challenge your compensation program, what will they find? It's crucial to ask these questions now and diagnose your board's and organization's liability relative to how you reward executive performance. It may be too late when regulators are at the door asking questions you're unable to answer.

And even if you aren't examined by the IRS or regulated by your state attorney general, good governance demands that you reward people based on clearly established performance measures. These measures should reflect organizational outcomes and be consistent with what other organizations pay for the same roles.

What Does the Law Demand?

The IRS's intermediate sanctions law imposes potential personal board member liability for charitable and social-welfare organizations that don't set reasonable compensation for their executives. (See "Glossary" on this page for definitions of "reasonable compensation" and other terms.) Each board, or committee charged with determining compensation, should seek to measure compensation reasonableness as follows:

- **Define the job's market value** using a source that is completely independent and doesn't create a conflict of interest for the organization's managers or auditors.
- **Use compensation data** to determine the competitive worth of the executive jobs in question. Make compensation decisions based on unbiased data that you can defend to state or federal regulators if they question your compensation arrangements.
- **Hire a compensation professional** as a consultant.

Glossary

Intermediate sanctions: excise-tax penalties, imposed on disqualified persons and organization managers within applicable tax-exempt organizations, as noted in Section 4958 of the Internal Revenue Code.

Disqualified person: any person in a position to exercise substantial influence over the affairs of an applicable tax-exempt organization. Certain officers, including presidents, CEOs, COOs, and treasurers, are always deemed capable of exercising substantial influence.

Excess benefit transaction: an economic benefit provided directly or indirectly to any disqualified person that exceeds the value received (including the performance of services) from the disqualified person.

Reasonable compensation: value of services provided to an organization based on what would ordinarily be paid for services by like enterprises (including taxable corporations) under like circumstances.

Ask the consultant to recommend compensation levels, and follow these recommendations. Have the consultant compare each facet of executive compensation to the competitive market. Review total compensation, cash compensation, deferred compensation, benefits, perquisites, allowances, and all other forms of cash and non-cash compensation to be paid now or in the future. Require the consultant to provide data that includes at least the following:

- compensation levels paid by organizations of similar size for functionally comparable positions within analogous industries
- availability of similar services in your organization's geographic area
- current compensation surveys compiled by independent firms.

Many board members don't understand the breadth and seriousness of potential personal liability associated with intermediate sanctions. For example:

- **The nonprofit board faces a liability** of up to $10,000 if it participates in an excess-benefit transaction.
- **The person receiving the excess benefit** and the organizational managers involved both face potential personal liability.
- **An automatic excess-benefit transaction** occurs each time money or property passes to a disqualified person without written substantiation. This is true even if the total compensation conferred is reasonable.

One way to analyze reasonable executive compensation is to use the same software used by the IRS — ERI's Executive Compensation Assessor® (www.eri-nonprofit-salaries.com). This survey product allows tax-exempt organizations to analyze reasonableness by using compensation data from Form 990s and Form 990PFs as well as from for-profit companies.

Why Pay for Performance?

Many nonprofit organizations compensate executives based on

continued on page 16

A Road Map to Good Compensation Decisions

- With the aid of a qualified professional, compare executive compensation at your organization to that at organizations similar to yours in industry, geographic location, and size. Use this information to establish compensation arrangements that take into account your executives' performance and the current labor market. Refer to this process in your board minutes to document that you have conducted a thorough review of executive compensation.
- Be sure board members possess enough knowledge and expertise to interpret the compensation comparability data. Form a board committee to be in charge of compensation decisions.
- Create performance measures based on your organization's mission, vision, and goals. Develop a combination of qualitative and quantitative measures. Make sure all performance measures are documented and measurable.
- Adjust compensation based on the market, provided that the executive demonstrates competency, meets performance expectations, and lives the organization's values. Reward performance through a variable pay plan that provides reasonable compensation if all goals are achieved. Stick to the variable pay plan, and avoid (1) awarding compensation increases when goals aren't achieved, and (2) awarding compensation in excess of the variable pay arrangement that was bargained for (to avoid a "material modification" to the compensation arrangement).
- Make certain that your board evaluates the CEO annually, based on goal achievement, and approves new goals on an annual basis.

Is the Compensation Data Reliable?

When deciding whether to use compensation data, always ask:

- Is the data provided by a reputable firm?
- Is this firm independent of the organization and the executives whose compensation is in question?
- Did the firm conduct a survey to compare the organization's compensation to organizations in similar industries and geographic areas? Were enough organizations included in the survey to make the results meaningful?
- Is the survey current so as to eliminate any question of outdated or irrelevant data?

Executives should earn more when the organization meets goals and less when it doesn't.

length of service rather than how well they perform. That's a mistake, not only because it potentially violates the IRS's intermediate sanctions law but because organizations that pay for performance outperform those that don't. Here are some other reasons why it makes sense to pay for performance:

- **High-performance organizations recognize and reward success.** As the organization achieves goals, the executive team should be rewarded. Executives should be paid more when the organization meets or exceeds goals than when goals are missed. Paying for performance gives credibility to the goal-setting process and attracts executives who believe that their success depends on the organization's success.
- **Executives who are willing to have their performance evaluated by the board** will seek organizations that reward performance. Boards that reward performance will hire executives who help sustain a high-performance culture. Executives who are role models of paying for performance will establish similar programs for all employees. Thus, achieving the organization's goals becomes the job of everyone in the organization.
- **When the organization pays for performance, the board's role is to coach and facilitate** executive performance through performance reviews. Performance management thus becomes a key tool of communications, as the board makes sure that goals are consistently achieved and performance is rewarded accordingly.
- **Paying for performance reinforces the organization's mission.** The test of the mission's viability is the board's ability to define it in terms that can be used to develop

Example of Intermediate Sanctions: Don't Make These Mistakes

In a recently published tax advisory memo, the IRS imposed intermediate sanction penalties on a tax-exempt organization despite the fact that the organization had retained an executive compensation firm to analyze compensation comparability data and the relevant marketplace. The IRS concluded that the foundation for determining compensation wasn't strong enough to form a basis for compensation reasonableness. The IRS cited the following problems:

- The board failed to establish that the Personnel Committee involved had knowledge or expertise in determining reasonable compensation.
- The board minutes failed to refer to the compensation data provided by the executive compensation survey.
- The report from the executive compensation firm wasn't current.

The IRS determined that intermediate sanctions applied and thereby brought governance by the board into question.

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If the IRS challenges your compensation program, what will they find?

performance measures. Good governance comes from a mission statement that can be measured in terms of accomplishment.

How Do You Pay for Performance?

To assure that you tie executive compensation to the organization's achievements, and that you comply with the law, follow these steps:

- **Choose performance measures** that reflect the executive team's responsibilities for the organization's success. Base compensation on these measures. Executives should earn more when the organization meets goals and less when it doesn't. Be sure the board sticks to these predetermined guidelines.

Organizations that pay for performance outperform those that don't.

- **Examine compensation arrangements regularly** to avoid issues relating to excess-benefit transactions.
- **Examine contracts** to be sure executives have fulfilled their obligations.
- **Carefully review the compensation arrangements** of all executives. Board members, including those outside the committee charged with forming the compensation arrangements, should be brought up to speed regarding how and why executives are being paid what they're being paid.
- **Be sure all board members understand** the basis for executive pay.
- **Ensure compensation reasonableness** by using data sources that the IRS will accept as appropriate. Use unbiased measures of competitive compensation. ■

Where to Find More

For more information on setting compensation, see these *Nonprofit World* articles at www.snpo.org/ members:

- New Penalties Proposed for Nonprofits (Vol. 14, No. 1)
- Avoiding the Snares of Intermediate Sanctions (Vol. 14, No. 6)
- How to Be Sure Compensation Is Reasonable (Vol. 17, No. 1)
- New Regs Unravel Intermediate Sanctions Snares (Vol. 19, No. 4)
- Expectations for Board Members Are Changing (Vol. 19, No. 3)
- Use Employee Ownership to Motivate People and Gain Revenue (Vol. 22, No. 4)
- How Much Are You Really Worth? Latest Salary Survey Results (Vol. 23, No. 1)

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PSAs

the Olympics of Nonprofit Advertising

Shine a broad new light on your organization's message with a PSA.

By Chuck Husak

Public service announcements (PSAs) are an important way to get critical messages out and issue-awareness up. PSAs, strategically created and distributed, can help achieve your marketing goals in a cost-effective manner while netting millions of comparable advertising dollars in free space and air. Public service campaigns make up the most powerful category of TV advertising there is. This is a creative fast track — the Olympics of advertising.

Once you've decided to go forward with a PSA, how do you write and produce a great spot? Here's a short list of things to do — and mistakes to avoid:

1. Be sure your PSA message is well-conceived. Don't use your PSA to tell the world about your own good achievements with hopes of receiving donations. Network PSA rules prohibit asking for money. A PSA is a message for the public good, not a commercial for your organization.

2. Use your PSA to turn on a new light. So many PSAs deal with issues people are already aware of. Most folks already know what's bad for them, how to stay safe, and so on. To take your message into their realm of awareness, you need to help them see your issue in a light they haven't seen before.

A perfect example is the recent round of anti-tobacco PSAs. After decades of telling kids that cigarettes are bad for them — showing black lung X-rays, patients on respirators, and other shocking visuals — the new coalition realized that kids weren't very dissuaded by this approach. Indeed, taking a health risk was actually part of the bravado of teen smoking. Instead, the new PSAs took the approach of telling kids that when they smoke, they're playing right into the hands of devious tobacco company executives. Now, instead of being brave renegades by smoking, kids are

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NATIONAL DIRECTORY OF SERVICE/PRODUCT PROVIDERS

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@snpo.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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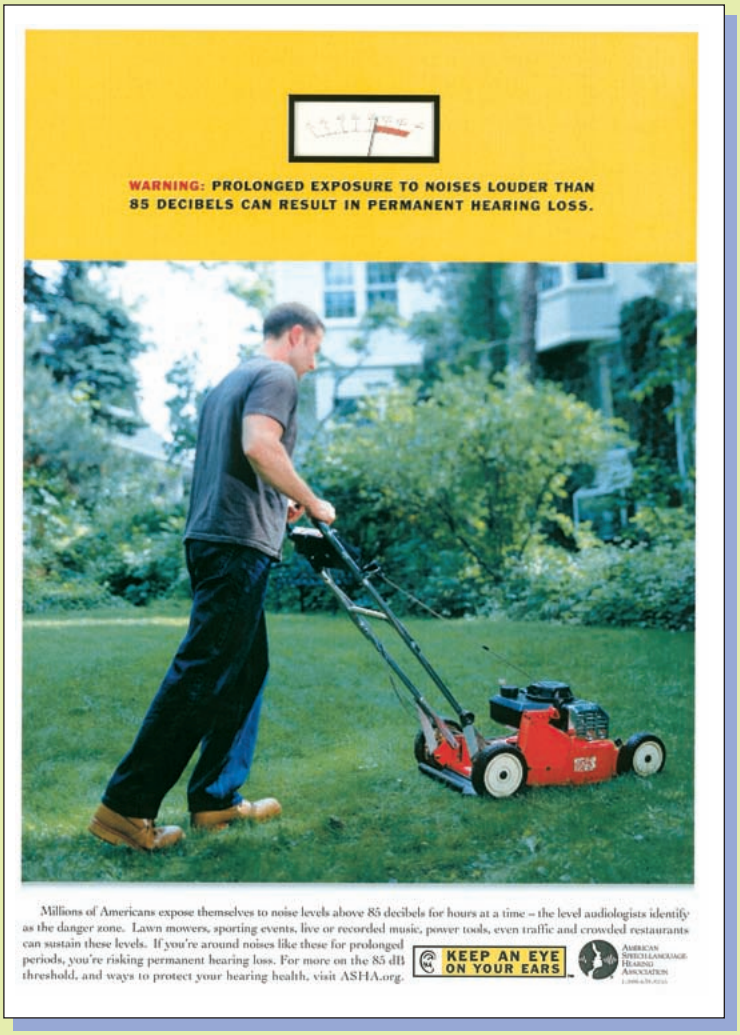

What Makes a Good PSA Message?

PSAs need to provide information that's intrinsically useful to their audiences. For example:

"Protect your ears from loud noises" was a public service message from the American Speech-Language-Hearing Association. This campaign was intended to assert the association's role and relevance, yet the actual content of the TV spot, in order to pass network clearance as a bona fide PSA, needed to provide consumer tips on how to protect one's hearing health. This nationwide public service campaign educated Americans about safe sound levels.

"Make sure your kids get enough exercise so their bones develop to full strength later in life" was a public service message from the American Academy of Orthopaedic Surgeons (AAOS). The purpose of this campaign was to position orthopaedic surgeons as the "go-to" physicians with skills that can keep people enjoying their highest quality of life. Yet, in order to qualify as a PSA and get on the air, this message couldn't just be the AAOS talking about itself. It needed to contain helpful information viewers could use to maintain bone health. In view of the fact that only one in four American schoolchildren gets an adequate amount of physical activity each day, one recent AAOS multimedia public service campaign encouraged parents to urge their kids to be more active. Another AAOS public service campaign targeted improved playground safety for children.

For more examples of PSA campaigns, visit www.alhadv.com.

Too many nonprofits create PSAs that could resonate only with their own donors.

chumps who get manipulated by a marketing strategy. This profound and insightful adjustment is the kind of new light that moves minds.

3. Craft a message that can make a difference to the "average Joe" watching TV. Too many nonprofits create PSAs that could resonate only with their own donors. Sure, every PSA should make its own organization feel proud. But there's a reason they're called public service announcements. The general public needs to take away something useful. "Inside" messages don't pass muster.

4. Don't limit the size and length of your PSAs. There's a mistaken perception that TV stations only use shorter PSAs. According to Goodwill Communications, a leading distribution company for public service campaigns, "Longer spots not only are worth considerably more in airtime, they also permit the communication of a longer message. This is particularly important if there is a call to action on the tag such as a toll-free phone number or Web site address because people need time to record the information in the spot. Our surveys show that just under 60% of all PSAs are 60-second lengths."

5. Let people know what you want them to do after seeing your spot. Do you want them to volunteer for something? Change their personal habits? Many PSAs simply call attention to a dilemma — as if the viewing public doesn't have enough dilemmas to worry about. The usual wrap up — "For more information, go to rea chout.com" — supposes that folks will suddenly be moved to go do

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research about your cause and then become one of your champions. If you want people to go to your Web site "to find out more," it had better be about something they can connect with instantly. People with moles that are changing color, for instance, will take a moment to go to a Web site about the warning signs of skin cancer. But without this strong vested interest, not many people will flock to their computers simply "for more information."

If you want people to go to your Web site "to find out more," it had better be about something they can connect with instantly.

6. Package your PSA to maximize usage by program directors at TV and radio stations. Getting these professionals to open your package and view your spots is the "entrance exam" for getting PSA spots on the air. To garner your fair share of exposure, you need to be flexible with your agenda and wrap it inside a generic message that has immediate appeal.

7. Make sure the people who have the authority to say "yes" are in key project meetings and at the actual shoot. You'll only torture yourself if "approved" concepts and other decisions still need to get trotted down the hall to someone who parachutes into the process at the eleventh hour. Nothing good ever happens this way. Be sure your approval process is well defined.Who's designated to approve the scripts, rough cuts, and so on? This problem isn't just confined to PSA ads, but can be especially troubling with PSAs because nonprofits often have many constituents who want to be involved. Summing this up succinctly: PSAs don't get better as the committee to approve them gets bigger.

If you follow these tips, simply signing your spot "a public service message from XYZ.com" will garner enough attention to raise awareness for your issue and make your organization more famous and more appreciated — by the general public, and by your current supporters. ■

Resources

McGowan, Andrew, "PSAs — Free But Not Easy," *Nonprofit World*, Vol. 8, No. 3.

Ott, Christine, "Nonprofit Communications on a Shoestring: Thriving in the Midst of Crisis," *Nonprofit World*, Vol. 8, No. 2.

Public Relations & Communications category in CD-ROM.

"Top 10 Keys to Effective Communication," *Nonprofit World*, Vol. 15, No. 4.

These resources are available at www.snpo.org/members.

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The Three Roles of Nonprofit Management

It's vital that you know which roles to play — and when to play them.

By William B. Werther, Jr., Evan Berman, & Karen Echols

Executive directors and their management team must move among three, overlapping roles — serving as leaders, managers, and administrators. Although these terms are often used interchangeably, here their specific meanings go beyond semantics. Instead, these three terms form a framework for thinking about the roles facing those in the third sector who seek to "get things done through others."

Each of the three roles offers a mindset that suggests a different priority. Success comes from knowing which perspective to apply when.

Leaders. The board chair and executive director are the source of leadership. They create (or at least facilitate) the organization's vision, which is a statement of what the organization seeks to become. The vision captures the essence of the nonprofit's purpose. It may not be fully attainable, but it gives the organization direction and inspiration.[1] As an example, "End hunger" might serve as a vision statement for a food bank.

Creation of the vision often begins with the founder, who uses it to rally support. Subsequent leaders must ensure a consensus among key constituents about the continuing appropriateness of the vision.

Done well, vision energizes and organizes those committed to the nonprofit. Without it, they may lack a unifying approach.

Moreover, the vision gives meaning to the nonprofit's mission. While a vision ("end hunger") may be noble and inspiring, it may be too broad to provide direction. Here, leaders need to provide a mission that clarifies how the vision will be attained. For example, the vision might be translated into a mission ("to feed the needy through a 24-hour soup kitchen") that describes how activities are executed.[2]

Though it may occupy only a small amount of time, the leadership role is central to the organization's success. Failure to exercise leadership may cause the nonprofit to lack focus, and drift.

Managers. The managerial role involves making decisions to reach the organization's goals. Managers use financial, human, and other resources to achieve the mission and move the organization toward its vision.

Managers must maintain a pro-active stance, focused on the vision and mission. When the managerial role is largely reactive, the result is organizational drift. Opportunism replaces plans; efforts become diffused.

Administrators. Leaders and managers must play a third role — that of administrator. This role balances the often-conflicting needs of constituents.

Typically, clients seek more services; employees want higher

salaries and more benefits; donors, board members, and volunteers seek recognition. But limited resources result in tradeoffs. The administrator must allocate resources in a way that satisfies these varied constituents. Otherwise, the result is conflict, which drains time and resources from the organization.

Role Ambiguity. Paradoxically, role complexity often arises from attempts to simplify the management team's task. The search for the "right role" is analogous to the search for the "one best way." It assumes there's a set of behaviors that can achieve success. But nonprofit success calls for the flexibility to move from role to role according to the challenges faced.

The search for the "right role" is analogous to the search for the "one best way."

Ambiguity arises when members of the management team are uncertain about which role to play. A nonprofit manager whose success was built on making decisions to achieve goals may apply the same behaviors when promoted to executive director. Those promoted from managerial or technical positions — where making and executing decisions was the measure of success — must take special care not to fall into this management trap.

This trap is insidious because the managerial perspective works well most of the time. Executive directors and other members of the management team spend the bulk of their efforts in managerial pursuits, which can cause this perspective to become a habit. When confronted by role uncertainty, people are likely to revert to past behaviors that proved successful. But if an executive director stays stuck in the managerial role, the needed leadership vision will be lacking. Perhaps more noticeably, the executive director may fail to assume the administrative role when needed to balance constituents' conflicting demands.

Similarly, an over-reliance on the role of leader or administrator has its shortfalls.The leader's focus on the organization's vision and mission is, ultimately, meaningless without execution. Likewise, an over-reliance on the administrative role can lead to a paralysis of balancing conflicting claims on limited resources. At some point, managerial decisions are needed, lest the organization fail to move in any direction.

Hard work, diligence, and good intentions are unlikely to overcome the wrong choice of roles. Role ambiguity results because past role patterns that brought success now fail.

Even if you possess the skills needed to be a leader, manager, and administrator, success also demands that you move smoothly among these roles. The ability to play the right role at the right time is, perhaps, the most important skill you can master. ■

Footnotes

[1]See *Competing for the Future* by Gary Hamel & C.K. Prahalad, Boston: Harvard Business School Press, and "Seeing the Future First" by Gary Hamel & C.K. Prahalad, *Fortune,* September 5, 1994. Also see "Leading the Transformation of Boards" by William B. Werther & Evan M. Berman, *Nonprofit World,* Vol. 22, No. 2, available free on-line at www.snpo.org/members.

[2]See "Sharing the Vision: Every Leader's Obligation," *Nonprofit World*, Vol. 8, No. 5, and "Demystifying the Mission Statement," *Nonprofit World*, Vol. 12, No. 1, available on CD-ROM at http://www.snpo.org/resources/product-catalog.php.

How Well Are You Balancing Your Three Roles?

Role 1: LEADER

Responsibility: Create an inspiring vision.

Problem If You Ignore This Role: The organization will lose its focus.

Problem If You Rely Too Much on This Role: You won't move toward your goals, and you'll never realize your vision.

Role 2: MANAGER

Responsibility: Make decisions that marshal available resources to achieve the nonprofit's goals.

Problem If You Ignore This Role: The organization will be unable to move in any direction.

Problem If You Rely Too Much on This Role: Vision will be lacking, and constituents' conflicting demands won't be balanced.

Role 3: ADMINISTRATOR

Responsibility: Balance the demands of internal and external constituents.

Problem If You Ignore This Role: There will be conflict among constituents, draining the organization's time and resources.

Problem If You Rely Too Much on This Role: The organization will be paralyzed, indecisive, and unable to accomplish its goals.

As you move through your workday and annual cycle, you must adjust your role to the changing circumstances. The proportion of time you spend in each role will and must vary. If you don't move from one role to the next, you won't respond appropriately to each situation.

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No Need to

Do you need to build emotional intelligence, or will it develop on its own

By Jeanne Anne Craig

When my grandmother was 82, she had to go into a nursing home for a week following eye surgery. She wrote me:

> They put me in a room with two other women, one 88 and the other 91. I felt like a mere child. The day I went in, Ollie, the 88-year-old, nodded to Julia and said in a conspiratorial tone, "She's nuts." She waited a moment and with a roguish smile added, "I'm half nuts." She was a sweet and funny lady, but mostly you smiled with a lump in your throat.

Both Ollie and my grandmother had the ability to accept the inevitable and laugh at themselves in difficult circumstances. They both had high EQ.

EQ is short for emotional intelligence, a term that came into public consciousness in 1995 with the publication of Daniel Goleman's book *Emotional Intelligence*. People with high EQ (I call it the "right smarts") have the ability to monitor their own and others' feelings and use this information to guide their actions. In other words, they have people skills and self-skills. Successful people in every field have high EQ.

IQ, or intellectual potential, is probably established at birth, though there's a difference in how well people live up to their potential. But here's the good news: EQ can be developed forever and by anybody. The sky's the limit.

Most people, however, prefer not to work on self-development. As it happens, the odds are in their favor. The chances are good that by the time people reach the age of 90, they will have EQ. By that age, a person has encountered the kinds of situations that develop EQ. In a life of that length, people have seen enormous social changes, experienced the death of loved ones, encountered health problems, and been through difficult times. These situations are what we call *development spurs*. In dealing with them, people get their rough edges smoothed off. They acquire resiliency and the ability to see the humor in difficult situations. They accumulate wisdom. They develop high EQ.

Successful people in every field have high EQ.

Of course, not everybody does. We've all encountered old people who are bitter and evil-tempered. We've seen sad, lonely old people whom nobody wants to visit because they complain and blame. Not everybody develops high EQ. That's what happens when you leave it to chance. Some get it, some don't.

Furthermore, who wants to wait till they're 90 to gain the benefits of emotional intelligence? Fortunately, for those who *are* willing to work on it, there are other development spurs that enhance EQ and the benefits that go with it. There are many ways you can develop your emotional intelligence, starting right now.

One way is to read biographies of inspirational people to learn how they overcame obstacles that may be greater than those you face. Find out what made them successful and how you can apply these lessons to your life.

Another way is to develop new skills. Learn French, Thai cooking, the accordion. In the process, you'll develop different parts of your brain.

A third way to raise your EQ is to have a child, or adopt one (or two or six). You learn a lot about yourself when you're up all night with a screaming baby.

These are just a few of many ways people can intentionally develop their EQ. A good way to begin is with a personal assessment. (I will be happy to fax a free assessment form to start you on your way. Just contact me at the address below.) Find out what's getting in your way. Discover your energy drains and make a plan for eliminating them. You don't have to wait till you're 90! ■

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Work on EQ

Ten Ways to Raise Your EQ

1. **Find a pacer.** Hang out with people who are smarter, better educated, and more highly developed than you are. You will stretch yourself to keep pace.

2. **Go back to school.** Education is one of the best ways to increase your EQ.

3. **Read something besides the newspapers.** Upgrade the quality of what you read to increase your exposure to great thinkers.

4. **Read.** Period.

5. **Manage your anger.** Learn to soothe yourself when your temper is hot. Develop a ritual for calming yourself when you feel ready to erupt.

6. **Learn to appreciate the arts.** They are an expression of the emotional life of people with highly developed sensibilities. Exposure to the arts develops your own sensibilities.

7. **Hire a coach.** Ancient wisdom says when you're ready the teacher will appear. Till then, consider hiring someone to coach you in the skills you want to develop.

8. **Travel,** especially outside your own culture. It helps you see other ways of viewing the world.

9. **Keep a journal.** It's a wonderful way to observe your own growth and see patterns in what you're thinking and feeling.

10. **Learn from difficult people.** Instead of thinking, "Get this person outta here," observe carefully to discover what the lessons are.

EQ can be developed forever and by anybody.

One way to raise your EQ is to have a child, or adopt one.

Leveraging Your Web Site for High-Impact Marketing

How effective is your Web site in gaining new supporters? Here's how to turn your site into a powerful marketing tool.

By Vinay Bhagat

Surveys conducted with nonprofit organizations in 1999 showed that a mere 15% had a Web site. With the exception of huge groups like the World Wildlife Fund, nonprofit Web sites were "online brochures," rarely updated and invariably managed by IT staff.

Today, virtually all nonprofit organizations recognize a Web site as a necessity. Many have moved beyond online brochures, building custom sites that let staff update content on a regular basis.

Unfortunately, many organizations find these custom sites inflexible, difficult to evolve, and ineffective at capturing and using data for marketing purposes. Nonprofits still commonly focus more on Web site aesthetics than marketing efficacy.

In contrast, many for-profit organizations have, for years, used their Web sites in conjunction with outbound e-mail to drive tangible marketing results. Through their sites, these companies have systematically registered subscribers, used aggressive promotions to drive impulse traffic, promoted loyalty programs, and personalized content according to a consumer's profile.

A few nonprofit organizations have also started to fully embrace the Internet for marketing. For example, Chicago-based Mercy Home for Boys & Girls recently launched an initiative to

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enable online outreach, define an integrated strategy, and add online marketing programs to their traditional mail appeals and special events. In just five months, it quadrupled its e-mail file and raised 8% of all appeal funds online. The organization is now exploring how it can leverage its Web site to support major gift efforts.

You may want to reconsider how you measure your Web site's effectiveness.

What accounts for this evolution? In the last five years, nonprofit software vendors have introduced online Constituent Relationship Management, or eCRM, technology. Now, nonprofit organizations can easily turn their Web sites into robust marketing tools. These solutions are available "out of the box," so nonprofits no longer have to build custom sites from scratch or invest money in customizing — really retrofitting — tools intended for for-profits. With today's eCRM-powered Web sites, you can do the following:

- **Capture constituent e-mail addresses** through online registration, polls, and the like.
- **Have a database** that collects all e-mail address data.
- **Track visitors' Web site interactions** (such as return visits and clicks on specific content, which provide insight into their interests), and store that information in your database.
- **Share your online constituent database** with other online tools for fundraising, e-mail marketing, advocacy, event management, directories, and so on.
- **Share data** with offline systems such as donor databases.
- **Use data in the constituent database** to personalize content for various audiences.
- **Use content management tools** that make it easy for non-technical staff across the organization to create and post content, with the appropriate controls and testing procedures.

You may also want to reconsider how you measure your Web site's effectiveness. Most organizations measure success in simplistic terms that include the number of visitors and page views. Others look to online donations, without analyzing what really drives these numbers. Here are some better ways to measure Web site success:

- **How many unique Web site visitors** arrive each month? (This is the most effective measure of Web traffic.)
- **What is the rate of conversion** of new visitors to e-mail subscribers?
- **How many visitors and subscribers** are converted to supporters (donors, activists, etc.)?
- **What is the average time** people stay on site? (This is a measure of how compelling content is.)
- **How much support** (in the form of donations, etc.) is generated online?
- **What is your site's impact** on offline programs? For example, does your site help identify major donors and planned giving prospects? Does it help retain direct-mail or telemarketing donors?

As more people move online and weave the Internet into their lives, you need to transform your Web site into an effective marketing tool. Set tangible marketing goals to measure success and impact. Don't reinvent the wheel by building custom technology that is expensive and difficult to use when robust, easy to deploy and use "out of the box" software exists today. ■

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Manage for Today, Mentor for Tomorrow

Here's how to keep succession planning on the front burner.

By Michael H. Shenkman

Hal, the executive director of a nonprofit organization (not his real name), recently contacted a professional mentoring service. He had never considered how such a service might help him — until the day his board of directors caught him by surprise.

Hal had planned the board meeting down to the last detail. And it had gone well. His plans for the quarter were on track, and his strategic plan for the next 18 months still made sense. So Hal was feeling good. Then, from the other end of the table, his closest friend on the board raised his hand. "Dave," Hal nonchalantly said, acknowledging his request to speak.

"Hal, great job today. I think we're all ready for a drink!" There was laughter from the group, but Hal suddenly felt less at ease. "But Hal, I was just wondering, who's in the wings to succeed you? Even you won't live forever, and you probably want to hit the golf course while you can still walk." More laughter. "So who do you have in line to lead our organization?"

Often, the call to lead emerges in subtle ways.

Hal's mind went blank. But, keeping his composure, he managed to respond, "Dave, great question. You know, I've been thinking about that..."

Now another board member chimed in: "You planning to leave, Hal?" Again, laughter.

"No, but, you know, succession is part of my job. I guess it suddenly became a higher priority."

And in fact, this incident motivated Hal to seek a professional mentoring service. He finally figured out how mentoring fit into his strategic plans.

Succession Planning: A Job for the Top

Yes, succession planning is the executive director's job, but one that's often put off till another day. "After all, there are other, more immediate things to do," the executive thinks. And, of course, that's absolutely right. Managing a nonprofit organization is a complex job. The demands for efficiency, for productivity, for innovation — each one an absorbing challenge — are unrelenting.

Yet, as Hal looked around the room at the senior officers who had joined him for this pivotal board meeting, he realized he didn't know if there was a successor among them. It wasn't that he hadn't thought about it; he had actually taken some steps toward that end. He had dined out, for example, one-on-one, with all his top officers. But those conversations focused

either on specific organizational issues (which Hal took the lead in solving) or were purposely kept social. So Hal still didn't know whether any of his staffers could take over were he to be hit by the proverbial bus.

Hal's situation is far from unusual. Succession planning is usually taken seriously but not considered urgent. Yet it doesn't take a sudden death to make the issue critical. Sometimes the director leaves for another job with no one groomed to succeed. Or the leader may take a sabbatical or come down with a chronic illness. As a result, several new directors may come and go in a short time if there isn't a pipeline of prepared successors.

Few executive officers poohpooh the idea of succession planning; it's just that they don't get to it amid the tumult of a normal day. Even when time is taken to go to dinner or meet with high-potential candidates, the conversation is usually restricted to unrevealing subjects: problems with meeting the numbers, problems with a troublesome employee, or social items. In the typical one-on-one performance review, there's usually so much angling for decisions around bonuses, raises, promotions, or disciplinary issues that a conversation on growing as a leader hardly happens at all. Thus, despite good intentions, few occasions help detect nascent leaders or signal optimal choices for a successor.

This is no fault of the searching executive director. The ability to lead doesn't always present itself in the same way managerial prowess does. For that reason, mentoring, not just managing, matters in the succession-planning arena.

Why Mentoring Matters

A mentoring relationship requires a different focus than managing. Consider the following interactions that occur in mentoring and *not* in managing. As you'll see, they are qualitatively different from a manager's usual interactions:

Mentors hear the quiet stirrings of leadership. When top managers ask, "Who are my potential leaders?", they look at the people pleasing them, getting things done. Most executive directors are determined to spur results now, to keep costs down, to keep people focused on their tasks, so they don't necessarily look at the people who are quietly asking, "Shouldn't I be doing more?"

Yet often, the call to lead emerges in subtle ways, making it possible to miss good prospects.

Mentors aren't coaches.

Sometimes the prospects themselves don't recognize that a drive to lead is taking shape in their lives.

Continuing our story, Hal had a professional come in and act as a mentor to those he suspected might be successor prospects, including "Susan." Hal told the mentor that he felt Susan was a great performer and good with people, but he wondered if she might be too "soft." Did she have that extra edge to spur people over the top to success?

Susan was aware of his concerns. She told the mentor, "I'd never say this to Hal, but sometimes I wonder whether I shouldn't be doing more. There are times I feel I should say things to people or help with their problems in ways I never have before. But I try to ignore the feeling and get back to my job."

If she confided this to Hal, his suspicions about her "softness" would no doubt be confirmed. It's not that Hal is insensitive. But as an executive, he can be overly focused on results, working hard to meet projections, objectives, and budget numbers — a great trait in many leader situations, and certainly a vital *part* of a leader's job.

But another part of Hal's job, one that was never his forte, is the people part. Although fair, honest, and mentally sharp, Hal isn't always the best of listeners. He sometimes misses nuances, preferring things to be spelled out.

A mentor, on the other hand, is always listening for subtleties. So when Susan confided these thoughts, the mentor realized they reflected her impulse to contribute more, develop new parts of herself, and become a leader.

Mentors let their protégés fail. Mentors aren't coaches who help leaders perform better, apply better managerial skills, or give better speeches. A coach, often the leader's direct supervisor, can't afford failure. Thus coaches prod people to succeed at any cost. Mentors, on the other hand, have the luxury of encouraging more leadership — developing risks and allowing failure.

It's not that mentors want their charges to lose heart as a result of failure. A mentor cares deeply about the protégé. Acting on that care, a mentor puts people in the right situations, with the right frame of mind. After that, it's up to the protégé.

Mentors deliver the bad news. Mentors bring the bad news that no one else will convey. Ernest, another employee of Hal's, comes to mind. Hal considered Ernest among the top candidates to succeed him. Others, too, found Ernest an effective manager, hard driving and with a great sense of humor.

During one of their sessions, the mentor observed him in a different role when Ernest's wife and daughter entered the office. Ernest was affectionate, animated, and full of joy at their entrance but after they left, as he returned to the subject of his role in the organization, all the warmth and passion drained out of him. The contrast was startling.

"Are you always this way when it comes to your role in the organization?" his mentor asked.

"What way?" Ernest responded.

The mentor replied: "Dispassionate. By the numbers. Calculating. That's what I feel from you when we discuss your role here. Seeing you with your family really drove it home for me. It's now clear why our conversations

continued on page 30

can get, well, a bit boring."

"You think I'm that way? I am not that way!" responded Ernest.

"Well, I certainly see that you aren't such a cool, calculating character with your family," the mentor replied. "But as soon as they left and we got back to your role here, all that excitement went away, didn't it? How do you expect to get people to perform with excitement and passion if you're a dry, execution-focused executive?"

Who but a mentor would give Ernest the benefit of such a painfully honest observation? His boss wouldn't, because Ernest always got things done without fail, and with little or no supervision. He was the very embodiment of the maxim, "Managers are needed by their bosses; leaders are needed by their followers." Why would his boss want to spoil a good thing?

And those who reported to him obviously wouldn't say anything. So only a mentor could offer Ernest an honest take on his lack of leadership charisma.

If employees aren't prospects for leadership, having an uninspiring demeanor may not be an issue. But if they're going to inspire success and steer the organization to growth and prosperity, it *is* an issue.

So the mentor must be willing to risk hurt, insult, even a parting of ways to cultivate the attitudes that make up a creative leader. Who else but a mentor can provide this kind of guidance?

Executive directors need to shift their mindset toward mentoring. They must have the kinds of conversations that offer insights into a successor candidate's potential. They must open up discussions that offer mentoring to the candidate. Unfortunately, most top executives haven't had much practice in this role.

How Managers Can Become Mentors

If you're a busy, results-oriented executive director, how do you provide mentoring for your top officers? The most effective way is for you to do the mentoring yourself. Here are a few tips for making this leap:

Focus on the person. Mentoring conversations are quite different from those that have to do with performance and managerial proficiency. While managing is concerned with processes that encompass people, machines, and resources, mentoring focuses on a single person. Managing concentrates on an end result, while mentoring centers on a person's life.

> **A mentor puts people in the right situations, with the right frame of mind.**

Look for hidden clues. Managing relies on information that is decision-ready, awaiting the executive's assent. Mentoring must unearth personal information that may not be readily given: The engagement between mentor and protégé often hinges on the mentor noticing and responding to signals that are completely nonverbal.

Be ready to accept disagreement and resistance. Contrary to the executive-command model of relating to another person, mentoring requires a willingness to give and take. The protégé is expected to push back, to disagree with the mentor, to show the self-trust expected in leaders.

Don't be afraid to get personal. Many top officers are reluctant to get too personal with a colleague lest it interfere with decisions the director needs to make, including transfers or terminations. But the mentoring relationship is very personal. Mentors must attend to the growth of others and take responsibility for seeing them succeed at a higher level. Any executive who prefers to separate the personal from the professional will be brought up short on this aspect of mentoring.

You Can Be Both

These differences between managerial and mentoring relationships highlight why many executive directors aren't comfortable being mentors. But, with practice, it's possible to be both a manager and a mentor.

Top officers in need of successors, and organizations seeking leaders to meet creative challenges, must incorporate leader mentoring into their action plans. Doing so provides an organization with irreplaceable benefits, including the assurance of future success. Though no one's at fault for being unable to serve as a mentor, the true leader must be determined to manage for today *and* mentor for tomorrow. ■

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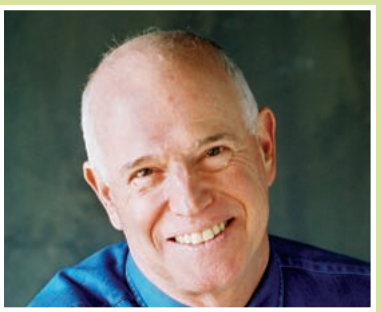

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Developing a Strategic Plan for Your Life

If a strategic plan can help your organization focus on its purpose and goals, why shouldn't it work for you? Since you can't do everything, you need to identify the most important aspects of your life and center your efforts on them. Doing so will benefit your organization as well as yourself, because you'll be investing your time and energy wisely. Here's how to develop your own strategic plan:

1. Start a personal strategic-planning notebook. Begin by writing down your responses to the following exercises. Write in the present tense.

2. Picture yourself three years from now reflecting on your most significant accomplishments over that time. Write down what you see. Figure out what will have to happen to make you happy with your progress. Are the things you're doing now taking you where you want to go? Which things should you be doing more of? Which things could you let go of? Write down your answers.

3. List the six or seven areas of your life that are extremely important to you. For example, you might name family, health, work, spirituality, and so on.

4. For each area, develop a clear vision of where you're going. Write down what it looks like when you're living your best expectations in each of the areas.

5. Keep your notebook near at hand, and refer to it when you're wondering which tasks to concentrate on and which to set aside.

— adapted from *The Small Business Journal* (www.tsbj.com)

Getting and Keeping Involvement

We form organizations to accomplish things we can't do alone. Now there's a book — *You Don't Have to Do It Alone: How to Involve Others to Get Things Done* (San Francisco: Berrett-Koehler Publishers, www.berrett-koehler.com) — that clarifies how to work with others to accomplish your goals.

Often those you want to involve are active already. That's why it's important to first decide why you want to involve people, and use that information to select the right individuals. Think about the best way to invite each person; the more personal the request, the better.

The authors (Richard H. Axelrod, Emily M. Axelrod, Julie Beedon, and Robert W. Jacobs) explain how to support continued involvement. It helps to remind people why they got involved in the first place. It's important to keep in mind that not all the people may be involved through all stages of a project, and they may not need to be.

This 116-page paperback is an excellent guide to involving the right people and keeping them motivated to get things done. Nonprofits will want this book handy for frequent reference.

— reviewed by Terrence Fernsler

Who Raises Funds for You?

Over half (55%) of nonprofit organizations have at least one staff member whose main job is fundraising. But staffing varies by budget. While 66% of organizations with less than $50,000 in annual donations have no fundraising staff, 59% of those with more than $1 million in annual contributions have more than one fundraiser. See "Who Raises Contributions for America's Nonprofit Organizations?" by Mark Hager at www.urbaninstitute.org.

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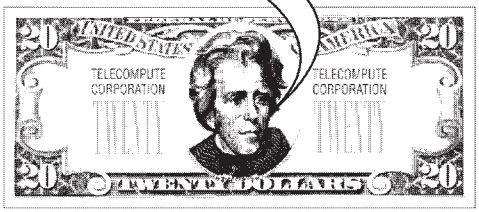

Relevant *reviews*

A Survival Guide for the Executive Director

How can you juggle all your duties without burning out?

By Terrence Fernsler

The Executive Director's Survival Guide: Thriving as a Nonprofit Leader

By Mim Carlson & Margaret Donohoe. 287 pages. Hardcover. San Francisco: John Wiley & Sons, www.wiley.com.

The care of the executive director is important for the well-being of any nonprofit organization. In this book, Mim Carlson and Margaret Donohoe explain what executive directors can do to be more effective, looking at everything from organizational culture to proper monitoring of finances, from board relations to career development.

The authors describe the changes the nonprofit sector is experiencing, because executive directors must keep up with the trends. They explain the life stages of nonprofits and the skills needed by executive directors to prosper in each stage.

Executive directors must be able to determine who the stakeholders in an organization are and how to communicate with each stakeholder group. Executive directors are important in nurturing relationships with stakeholders, and this book explains how to do so.

The executive director's relationship with the board is extremely important. There should be clear goals and no surprises. The executive director must keep the whole board focused on mission and not let it focus just on tasks. Broad representation in the organization means more than just ethnic diversity. The board should be open to representation by the whole community's culture. The executive director's role is to encourage diversity in the workplace and learn how to manage any diversity-related conflicts among staff and volunteers.

Executive directors must know when to lead, when to manage, and when to support or follow. They must also know the right people to follow. Getting along with staff, paid and volunteer, makes the organization more effective. Executive directors can share their expectations with staff and learn to communicate well to improve the organization. The difficult job of following the founder, and ways to keep the founder involved, are discussed at length.

The authors explain how to keep track of finances. Everyone has a role in fundraising, but the executive director is responsible for creating a culture of a fundraising team.

With the many responsibilities an executive director has, it's all too easy to become wrapped up in work, but it's important to have a balanced lifestyle in order to be effective. Delegating can help ease an executive director's work load while developing leaders within the organization. Receiving coaching and mentoring can also help an executive director accomplish more.

There are many reasons for an executive director to leave an organization, but most of them are beneficial for both the executive director and the organization. The executive director should prepare for transition in the position, and this book helps with checklists to make transitions smooth.

The book takes all the issues that are important to the executive director's job and investigates the best ways to handle them, one by one. Taken together, they paint a vivid portrait of how to perform well without burning out, burning bridges, or burning the organization. ■

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

Nonprofit *briefs*

What Sets Social Entrepreneurs Apart?

What makes social entrepreneurs different from business entrepreneurs? The Global Entrepreneurship Monitor Report found that women and people from ethnic minorities are more likely to become social than commercial entrepreneurs. Social entrepreneurs also tend to be more educated and financially better off. When it comes to the practical aspects, however, there aren't so many differences. David Bornstein, author of *How to Change the World: Social Entrepreneurs and the Power of New Ideas* (www.howtochangetheworld.org), notes that social entrepreneurs do the same things as business entrepreneurs and have the same skills and temperament. "They love to build things — not to invent a new running shoe, but to change the world." Social enterprise also fits neatly with the current business passion for stakeholderism, the idea that anyone affected by a business or organization has a stake in it. For more, see "The Not-for-profit Principle" at www.charitychannel.com.

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