

NONPROFIT

Volume 25, Number 3
May/June 2007



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OF BRANDING?



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While crisis intervention is still central to its purpose, Women's Crisis Services has expanded its mission and needed a new brand. Based on in-depth research, the organization changed its name to Monadnock Center for Violence Prevention and transformed its image. Here, Liz Sayre, the Center's executive director (left), approves the new logo unveiled by Elizabeth Brown of the communications firm Church & Main (right). See "Are You Following the 4 Cs of Branding?" on page 11.



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.



Go Ahead—Improvise!



Practice saying “Yes, and...”

What does comedy improvisation have to do with nonprofit leadership? More than you might think.

If you've ever watched “Whose Line Is It Anyway?” on TV or Comedy Sportz at a comedy club, you can appreciate the power of improv. You've seen how someone, cued by just a word or phrase, can reach incredible heights of creativity.

Improvisation is a tool more and more trainers and life coaches are using to help people become better leaders. Improvising can help you learn to stay relaxed while

- **thinking** on your feet
- **motivating** people to follow your lead
- **being nimble enough** to change course quickly when required
- **persuading others** to your point of view
- **coming up with ideas** instantaneously
- **being** “in the moment”
- **having the confidence** to be yourself.

People who can display these traits are better leaders, because confident people who respond with clarity and let their own personality shine are irresistible. To learn some improv techniques that will help you hone your leadership style, turn to “Improv at Work” on page 31.

Improvisation keeps you from being seduced by the status quo. “Outside the Comfort Zone” (page 14) provides a five-step program for breaking out of the ordinary and zeroing in on your vision. Take the quick quiz with this article to see how cutting-edge your organization is and if you need to improve.

Another benefit of improvisation is that it emphasizes the team over the individual — a crucial perspective in building a successful board, staff, and organization. Fostering the team means being open to everyone's ideas and rewarding the group rather than individuals (see “Creating Teams that Win” on page 32).

The key principle of improv is “Yes, and...” Those two words are unbelievably powerful. If someone tells you something you'd rather not hear, your impulse is to say “Yes, but...” That response, while natural, puts you and your conversational partner at odds. Instead, take what you're given and build on it.

Imagine you're improvising with a comedy team and someone throws you an idea. You can't deny it or ignore it; you have to accept it and add to it to keep the improv going. The end result is better, richer, because of all the different inputs and viewpoints.

Practice saying, “Yes, and....” It's a conversational technique that builds on another person's ideas. It promotes a sense of real dialogue and shared discussion while sending a message of commitment and positive assertion.

Consider the magic words “Yes, and...” when dealing with employees, both paid and volunteer. Put yourself in their shoes, and be creative in giving them what they need (take a look at “Volunteerism Vectors” on page 25 and “No Excuse” on page 31). Share power with them, and you'll be blessed with the vital exchange of ideas that leads to greatness.

Jill Muehrcke
Editor, *Nonprofit World*

FIVE THINGS TO DO NEXT MONDAY

Here are a few concrete things you can do right now to begin transforming your organization.

1. **Prepare to accept gifts of real estate** by creating a policy, using the sample on pages 7-10.
2. **Think of a way to take advantage** of each volunteer trend described on pages 25-27.
3. **Take the “C-Zone Challenge”** on page 15. Based on your results, follow the advice under “Scoring” to be sure your organization is the best it can be.
4. **Assess your organization's brand**, using the tips on pages 11-13.
5. **Be sure** you're not making any of the five technology mistakes outlined on pages 22-24.



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Help Wanted!

I joined SNPO today in the hope of getting a copy of the article, "When Worse Comes to Worst: Terminating the Executive Director," from the *Nonprofit World* archives (Vol. 8, No. 6). Unfortunately, I now realize that your archives only go back to Volume 14. Is there any way I can get this article?

I'm also interested in an article entitled "Increase Your Board's Fundraising" (Vol. 5, No. 3). How 'bout this? Any chance I can still get it?

Both of these were referenced in the article "Board Members Beware! Warning Signs of a Dysfunctional Organization" (Vol. 16, No. 2).

From these titles, I expect you have a fair idea what's happening in our organization. Your recommendations about these subjects would be appreciated.

Thanks for your help and for all the useful information. Already I can tell that this membership is going to be even more valuable than I had hoped!

P.S. I'm also interested in another reference from this article – the book *Are You Sitting on a Gold Mine?* by Jill Muehrcke. Is that still available? Thanks!

Name withheld by request

Articles before Volume 14 are available on the *Nonprofit World* CD-ROM. Visit www.snpo.org and click on Resources and then on CD-ROM. To decide if it's time to terminate, start by making sure you've evaluated the executive director according to pre-selected criteria. See "CEO Evaluation: The Board's Second Most Crucial Duty" (Vol. 8, No. 3), "Supervising the Executive Director" (Vol. 7, No. 3), and "Evaluating the Top Administrator: A New Approach" (Vol. 15, No. 4). For more on board fundraising, see "Increase Your Board's Fundraising," (Vol. 5, No. 3) and "Fundraising with Your Board" (Vol. 13, No. 5). You may also want to search the archive for articles in the "board" and "fundraising" categories. You can do so by logging in (<http://www.snpo.org/members>), clicking on "Nonprofit World," then clicking the "Search The Archive" button. You can find a current version of *Are You Sitting on a Gold Mine* at <http://www.snpo.org/funding/index.php>. Good luck in your search! ■

Cheers for New Department

I am writing in reference to the new "Nonprofits Uniting" department in *Nonprofit World*. I applaud the inclusion of this section in your publication, as I think collaboration will be vital to the future success of our sector. I think "Nonprofits Uniting" will be a great forum for featuring programs that actively seek to bring nonprofit organizations together. ■

*Carter Romansky
Program Manager
New Sector Alliance
Boston, Massachusetts*

Distilling the Essence

I just finished reading the most recent issue of *Nonprofit World*. Like the previous three or four issues I have read, you have captured the essence of what the nonprofit community needs and presented it effectively. I am glad we decided to be a member of the Society for Nonprofit Organizations. As a former (ersatz) magazine editor, I applaud your work. ■

*Tom Young
Executive Director, ESCAN
Raleigh, North Carolina*

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, organization, address, phone number, and e-mail address. If you'd like your comments to appear anonymously, please let us know. We look forward to hearing from you!





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IRS Details Incorrect Reporting of Nonprofit Compensation

In a new study, the IRS found significant reporting errors and omissions in nonprofits' annual returns, especially in the area of compensation. Of its sample of 50 nonprofits, none had filed the required information detailing compensation paid to officers and employees. After the IRS contacted them, 41 of these 50 organizations filed acceptable amended returns, and the others were referred for IRS examination.

The report concludes that the IRS needs to educate nonprofits about reporting requirements, redesign Form 990, and step up its investigation of nonprofit returns. To read the report, visit http://www.irs.gov/pub/irstege/exec._comp._final.pdf. Also see "Nonprofit Boards Face Potential Salary Disclosure" in *Nonprofit World* (Vol. 25, No. 2) at www.snpo.org. ■

Nonprofits' Property Tax Exemptions Under Fire

A recent Illinois ruling highlights a disturbing nation-wide trend in which municipalities are stripping nonprofit organizations of their tax exemptions in order to gain more revenue for themselves (*Department of Revenue of the State of Illinois v. Provena Covenant Medical Center*, 04-PT-0014). In this case, the state of Illinois revoked Covenant Medical Center's longstanding property-tax exemption, ruling that its charitable expenditure, less than 1% of its total revenue, was insufficient to justify its \$1.1 million savings in property taxes.

As city and state governments seek ways to earn more money, they are increasingly looking at ways to tax nonprofits. Some are demanding more proof of an organization's charitable activities before allowing exemptions. Others are requiring nonprofits to pay for municipal services such as trash pick-up and police protection.

If your organization hasn't been affected yet, don't assume that no news is good news. Be aware of what's happening in your state, county, and city. Look closely at your organization from the point of view of community groups and officials. Be sure you're remaining true to your charitable mission. Use speeches, letters to the editor, the Internet, and other media to educate legislators and the public about how much nonprofits add to the community. Form alliances with government, and band together with other organizations to advocate for nonprofits' rights. Nonprofits' privileges will continue to erode unless everyone in the sector takes proactive measures to protect them.

For more information on this case, contact Gammon & Grange, P.C. (www.gandglaw.com) or see <http://www.revenue.state.il.us/legalinformation/hearings/pt/pt06-26.pdf>. For more on nonprofit advocacy, visit www.ncna.org. ■

Great Expectations Can Be a Form of Discrimination

A Chinese woman's claim of discrimination based on excessive expectations has merit, says a federal District Court judge, who refused to dismiss her case (*Zhao v. State University of New York*, No. 04-CV-0210). After being fired from her job at the Research Foundation of the State University of New York, the woman accused her supervisor of making many remarks about how Chinese employees work harder and longer than others (for instance, "the people who really produce results are these Chinese people"). Such stereotyping, the judge said, is "precisely the type of evil that Title VII is designed to prevent." For more on the case, see www.nonprofitissues.com. For advice in avoiding such problems in your organization, see these *Nonprofit World* articles at www.snpo.org: "Protect Yourself Against Employee Lawsuits" (Vol. 15, No. 2), "The Failure of Diversity Training" (Vol. 18, No. 3), and "The Need for Anti-Bias Policies" (Vol. 22, No. 5). ■

New Law Aims to Improve Mail Service, But What Can Nonprofits Do in the Meantime?

As the U.S. Postal Service has tightened its budget over the past few years, nonprofit mailers have been faced with delivery delays and inconsistent service. The good news is that a new law, the Postal Accountability and Enhancement Act, has recently been passed, requiring the USPS to provide performance measures and service standards to assure that mail is delivered on time.

The bad news is that these standards won't be in place till the end of 2007, and nonprofit mailers can't wait till then for an improvement in service. Thus, nonprofits must be proactive in facilitating delivery of their mail. The Alliance of Nonprofit Mailers offers these guidelines:

- **Be an informed consumer.** When you prepare a mailing, be sure to provide accurate address information, printed correctly on the mailpiece.
- **Ask the following questions** about each mailing: Does it conform to the requirements for the type of mail service you want? Is it sorted and packaged properly?
- **Note the date** you drop off the mailing, and be sure you deliver it to the correct postal facility. Often a difference in agreement of the "start the clock" time leads to the assumption that a mailing has been delayed.
- **Let the post office know** in advance if you're planning a major mailing.
- **If your mailing is misdelivered, arrives late, or goes missing**, contact the Alliance of Nonprofit Mailers at 202-462-5132 or alliance@nonprofitmailers.org with as many details as possible, including a full description of the mailpiece. Alliance staff will help you work with the Postal Service to resolve the problem and work toward more reliable service in the future. ■



Do You Have a Policy for Real-Estate Gifts?



If not, it's time to create one. Here's a sample to follow.

By Eliza Solender

In a tough economy, nonprofits need to seek donations other than the usual appreciated stocks and personal checks. Increasingly common are donations in the form of real estate. According to a survey by Community Foundations of America (www.cfamerica.org), nonprofits are finding that their donors' biggest assets aren't their stock portfolios but their houses and other property.

But as lucrative an opportunity as property can be, these transactions are littered with potential pitfalls that can endanger an unprepared organization. For example, environmental contaminants can make the property unusable and unsalable, cost huge sums to remediate, or make the organization liable for violations. Any one of those costs could fell an otherwise financially-stable charity.

With that caution in mind, any organization accepting charitable gifts should have a written policy and procedure for accepting gifts of real estate. If the donor and recipient do their homework ahead of time, they stand a better chance of creating a win for both.

A Sample Policy to Smooth Your Way

Each organization should craft its own policy with the aid of its lawyers, real-estate professionals, and accountants. What follows is a model you can use to build your policy, with important points to keep in mind.

(Insert Organization Name) **Gifts of Real Property Policy and Procedures**

Purpose:

To define the policies for accepting gifts of real property to *Organization*

Policy:

It is the policy of *Organization* to accept gifts of real estate if, upon analysis, it can be shown that (1) the potential gift may result in financial gain to *Organization*, or (2) *Organization* may gainfully utilize the property for one or more of its programs.

Responsibility:

Preliminary analysis of the potential gift is the responsibility of the Manager of Development and the

continued on page 8

Development staff. Acceptance of gifts is subject to the approval of the Executive Committee of *Organization*.

Guidelines:

1. Gifts of a nature that would be inconsistent with the goals, objectives, and image of *Organization* will not be accepted.

2. Gifts of real estate are ordinarily acceptable only after it has been determined that no reasonable possibility exists that the property could be contaminated by hazardous waste or mold. An initial inspection of the property shall be made by *Organization*. The investigation shall include both a physical inspection of the property and an investigation of the existing and previous ownership and use of the property. If, after the inspection, it is determined there is a substantial likelihood the property is contaminated by hazardous waste or has had water damage, the property will not be accepted at that time and consideration will be given to having an EPA Phase One environmental assessment performed. The expense of the assessment must be borne by the donor unless the Executive Director approves an exception.

3. All gifts of real estate will be evaluated in light of debt, insurance requirements, homeowners' association fees, and other carrying costs as to the advisability and value of accepting the gift. Properties with debt will not routinely be accepted except with an independent appraisal and only if the debt amounts to less than 50% of the value established by the appraisal.

4. A determination will be made whether there are any restrictions, easements, liens, or other title issues that could substantially impair the value or marketability of the property.

5. An independent qualified appraiser will be retained to establish the fair market value of the

property. The appraisal will establish the donor's charitable gift value, give *Organization* a reasonable value at which to carry the asset on its books, and establish a reasonable asking price for the property. The expense of the appraisal must be borne by the donor unless the Executive Director approves an exception.

6. If the property will not be retained for use by *Organization*, it will be listed for sale with a licensed real-estate broker as soon as possible. *Organization* will attempt to realize a sale with a purchase price no less than the appraised value of the property, but is not bound to do so. Factors such as high taxes, sizable debt, or other carrying costs may dictate that the property be sold as quickly as possible for a price less than the appraised value. If this is the case, the donor will be so informed.

Get the donor to agree that the restriction will hold for only a certain amount of time.

7. All documents will be subject to legal review prior to accepting the property. The cost will be negotiated with the donor.

8. If the donor wishes the gift to be used to fund a charitable trust or to be given as part of a planned giving program, legal counsel specializing in estate planning will be retained by *Organization* to assist in the gift process and enable *Organization* to accept the gift.

Procedure for the Evaluation and Acceptance of Real Estate:

1. A donor indicates to *Organization* an interest in making a gift of real estate. Real estate could include land, apartment buildings, retail centers, office buildings, condominiums, single family dwellings, or mineral interests.

2. A representative of *Organization* schedules a visit with the donor.

3. The donor is informed that the following information about the

property will be needed:

a. Legal description of the property, including address or location, directions to the site, and method of access;

b. Copy of the donor's vesting Deed;

c. Copy of recent property tax statements;

d. Name of the owner(s), percentage of ownership, and type of ownership;

e. Terms of debt, if any, and whether *Organization* will be expected to assume the debt;

f. Survey or plat, if available;

g. History of use of the property;

h. Information about the costs of owning and operating the property (e.g., property taxes, utilities, maintenance, and insurance) and, if income producing, net operating results of the property for the past two years;

i. Copies of any insurance policies;

j. Rent roll and current leases, if applicable;

k. Zoning status of the property, including any restrictions in use, any enforcement violations, or proposed condemnation;

l. Copies of any service agreements;

m. Copies of any existing environmental assessments; and

n. Copy of a recent appraisal, if available.

4. A representative of *Organization*, along with a real-estate professional, will visit the property to perform a visual site inspection, take photographs, and make an initial assessment of the marketability of the property. Any obvious environmental hazards will be noted and a recommendation made whether or not to pursue the potential gift any further.

5. If the recommendation is to pursue the potential gift, a qualified firm shall perform an EPA Phase One assessment. Based on the results of the Phase One assessment, a Phase Two assessments may be required. The donor may be requested to provide funding for the assessments.

6. A title commitment will be obtained to review current ownership

continued on page 10



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of the property and to determine if there are any defects in the title.

7. A zoning verification letter will be obtained from the appropriate governmental authority.

8. When there are buildings on the property, there must be an inspection of the mechanical systems, electrical systems, plumbing, and structure. Cost of the inspection will be negotiated with the donor.

9. The donor will be informed that a qualified appraisal is required to establish the fair market value of the property. The donor is responsible for obtaining the appraisal and for reporting the donation to the IRS on form 8283 for gifts valued in excess of \$5,000.

10. Whenever possible the donor will be asked to absorb the costs for the transfer of ownership to *Organization*. These costs include title insurance, preparation of the Deed of Trust, recording costs, and legal fees charged by the title company. In addition, *Organization* will not bear the cost of a commission or fee payable to a broker with respect to the transfer of the property to *Organization*.

11. A report and recommendation will be prepared for the Executive Committee, including a budget representing total costs of ownership for the period of time *Organization* expects to own the property. The budget should include taxes, insurance, utilities, maintenance, debt service, fees and permits, advertising, commissions, legal fees, closing costs, and all other costs incurred in obtaining, owning, and disposing of the property. The budget will be used to project the net proceeds to *Organization* expected from the final disposition of the property.

12. Final acceptance of the gift is the responsibility of the Executive Committee of *Organization*.

13. After the transfer of ownership to *Organization* is completed, the property will be listed immediately with a qualified broker unless the gift is for a specific purpose deemed necessary by *Organization*.

Organization will reserve the right to sell the property at a later date should the intended purpose no longer be appropriate for *Organization*. If property is sold within a two-year period, *Organization* must file a Form 8282 with the IRS disclosing the sales price.

Other Things to Consider

You may also need to address some of the following issues:

Distance: Gifts of real estate located far away from the organization can be very challenging. If the property is large, it may be worth the effort and expense required to perform due diligence, manage it, and sell it. This is a decision to be made on a case-by-case basis by each organization.

Gifts to multiple charities: In some cases, a donor may wish to make a gift of a specific property to several charities, sometimes in unequal percentages and sometimes naming one of the organizations as managing authority to act on behalf of the other charities. Each charity will need to decide how comfortable it is with this type of gift. A large organization usually won't accept such a gift unless it is the managing owner.

Liability: A charity may want to consider placing any gift of real estate in a Limited Liability Corporation (LLC). By doing so, the organization limits its exposure to potential liabilities involved in ownership, particularly if there are any potential hazardous-materials issues.

Roll-back taxes: When land designated as "agricultural use" is sold to a user to develop residential lots or a commercial development, the property is subject to roll-back taxes. In many states, when the property-tax designation is changed to a new use, the tax rate may be rolled back five years. This can be a sizable sum and is typically negotiated when selling the property.

Smaller donations: Consider avoiding real estate such as lake lots, trailer park lots, lots in planned communities, and time-shares. Most of these have values of less

than \$5,000 and are in locations inconvenient to the charity. These gifts may not be worth the effort to evaluate, acquire, and sell.

Restrictions: Sometimes donors will give property with conditions or restrictions and reversionary interests. If the condition is not satisfied or the property ceases to be used for its intended purpose, it reverts back to the donor or the donor's heirs.

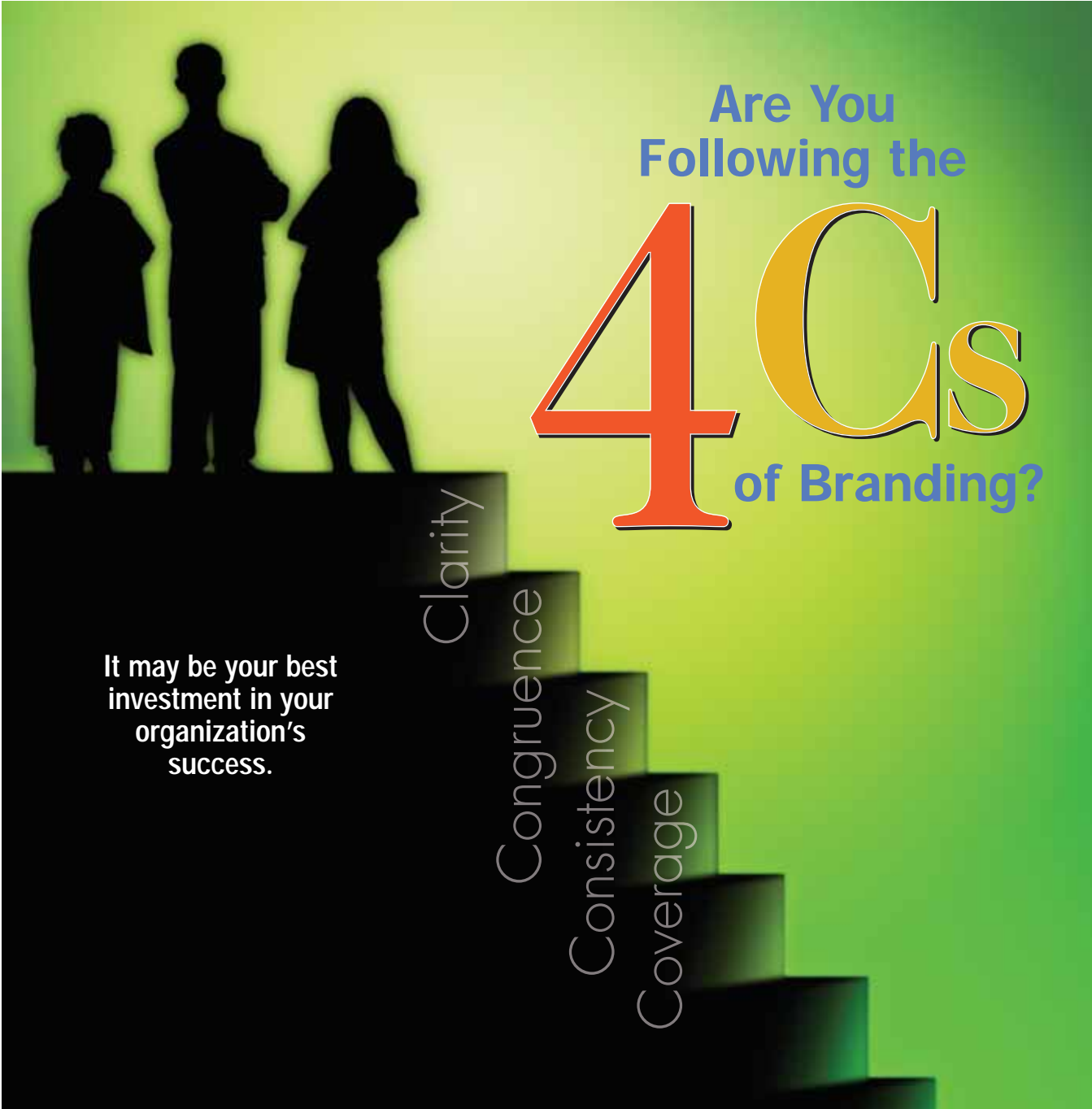
Say, for example, that a donor gives an organization several acres of land "on condition that the organization constructs a new facility costing more than \$500,000." When the required amount is spent, the organization should immediately obtain an acknowledgment from the donor stating that the condition has been met and record that acknowledgment in property records. Years later, when the organization wants to sell the property, it has proof for the title company that it has fulfilled the condition.

A restriction should be limited to a number of years. Suppose, for instance, that a donor requires that donated land be used "only for playing fields." What if, 30 years later, the organization needs to use that land for a new facility? What if the donor has died and can't remove the restriction? It's better to get the donor to agree now that the restriction will hold for only a certain amount of time.

Use Your Policy

Once you have a real-estate-gift policy in place, you're ready to actively solicit gifts of real estate. One gift of a house with sale proceeds of \$100,000 will make the entire process worth the time and effort. For more information on accepting gifts of real estate, visit www.solenderhall.com. ■

Eliza Solender is president of Solender/Hall, a commercial real-estate company which specializes in representing nonprofit organizations (P.O. Box 670009, Dallas, Texas 75367-0009, www.solenderhall.com, eliza@solenderhall.com).



Are You
Following the

4Cs of Branding?

It may be your best
investment in your
organization's
success.

Clarity

Congruence

Consistency

Coverage

By Elizabeth V. Brown

Every day, thousands of messages compete for people's attention—and their dollars. The marketplace is increasingly crowded, with a corresponding increase in donor fatigue. To compete, you must find ways to break through the communication clutter and deliver your messages clearly and simply.

Responding to these realities, a growing number of nonprofits are building strong brands. They recognize that brand stewardship is critical to the success of their missions.

Your brand infuses
everything you
say and do.

Behold the Power of Branding

What exactly is a brand? First, let's consider what a brand *is not*:

- A brand isn't simply a logo or graphic design — although a strong graphic identity contributes to brand awareness and recognition.
- A brand isn't just a clever

tagline — although a clear, memorable expression of what makes your organization different and special is an important part of brand-building.

Instead, your brand is the encapsulation of *everything* that makes your organization what it is — and what it can be. It's your essence. And, when wielded skillfully, that brand infuses everything you say and do.

Consider the following analogy: Imagine that you, yourself, are

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Liz Sayre, the Center's executive director (left), approves the new logo unveiled by Elizabeth Brown of the communications firm Church & Main (right)



The original logo of the Women's Crisis Services



The new name and graphic identity for Women's Crisis Services

It doesn't do any good to have a "friendly" brand if people don't answer the phone in a friendly way.

a "product." You have a whole collection of personal attributes — your name, physical appearance, wardrobe, mannerisms, talents and skills, dreams and ambitions. It's not any *one* of these attributes, but *all of them combined*, that make up your unique "trademark" personality. People who pay attention to such things — including politicians, actors, and pop stars — are masters at integrating all these personality elements to create a cohesive, consistent, and memorable image: their brand.

To push the analogy a step further, think about how you evaluate other people's individual "brands." Would you rather associate with people who:

- possess a strong sense of who they are — or seem muddled and confused?
- have ideals that resonate with your own — or principles that don't align with yours?
- display a sense of strength, clarity, and forward motion — or give the impression of just plodding along?

Most people seek out the former and avoid the latter — especially when it comes to giving away their time, money, or personal contacts. When personalities click, people's normal defenses drop — and doors to new relationships and opportunities open.

So it is with organizations that have done their branding homework. The true power of branding is that — like a winning personality — it can help an organization achieve success out of all proportion to its size, resources, or experience. A strong brand is one of the best investments an organization can make in its long-term success.

Consistency is as important as the creativity behind it.

Nonprofit Branding in Action

So how does an organization take on the challenge of building brand? Consider the case of Women's Crisis Services, a nonprofit agency serving the Monadnock region of southern New Hampshire. The agency has provided critical support, advocacy, and information services to victims of domestic and sexual violence since 1978. Over the years, the agency has helped thousands of local residents — and steadily expanded its services to include legal advocacy, support groups, and education.

As it approached its 25th anniversary, Women's Crisis Services recognized it had reached a crossroads. While crisis intervention was still central to its mission, the agency had expanded its commitment to education and outreach. The emphasis had broadened to encompass pro-active efforts to change awareness of and attitudes toward domestic and sexual violence



When personalities click,
people's normal defenses drop.

throughout the community. The agency had grown and evolved, yet its brand hadn't kept pace.

With a consultant's help, the agency's leaders started with in-depth primary research: interviews with staff, administrators, and board members to probe the organization's strengths and weaknesses and frank discussions with referral sources, including law enforcement personnel, to gain an external perspective. Evaluating the results of these discussions, they concluded that the agency's gender-specific name acted as a barrier to reaching men — effectively shutting out half the community. In addition, the "crisis" focus of its brand didn't reflect the agency's broadened commitment to social change.

Based on these findings, they created an entirely new positioning for the organization, transforming *Women's Crisis Services* into the *Monadnock Center for Violence Prevention* (www.mcvprevention.org). Their goal: to create a new identity that conveys an aspirational image, clearly communicates its commitment to the local community, and embraces all audiences — female and male, young and old. They then translated this new identity into a graphical signature that is both attractive and inclusive.

Since its unveiling, the new brand identity has acted as a bridge to new constituencies, without alienating the agency's traditional support base — a critical concern. Indeed, a legal advocate formerly associated with the agency reinstated his relationship, crediting the new, gender-inclusive identity.

Financially, the brand opens doors to new funding sources and grant opportunities. Emotionally, the new brand has sparked an infusion of renewed energy among agency staff. In addition to these short-term responses, the agency's new brand provides a solid platform for its next stage of development from a "provider of services" to a pro-active force for positive change.

How to Build a Brand: The 4 Cs

How do you examine, strengthen, and reshape your organization's brand? Any successful brand effort must address these 4 Cs:

1. Clarity: Is it clear what you're trying to convey to your audiences? Many organizations spend a lot of time thinking about their organization's identity and end up trying to be all things to all people. If it doesn't translate into clear, focused messages, your brand will merely confuse people. Having the perspective to look at your organization through your constituents' eyes will go a long way toward achieving this clarity.

2. Congruence: Ensure that everything your organization does reinforces the expectations that the brand creates. It doesn't do any good to have a "friendly" brand if people don't answer the phone in a friendly way.

3. Consistency: Create an organization-wide commitment to using the brand. Building brand identity takes time and the discipline to use it consistently everywhere. Consistency is as important as the creativity behind it.

4. Coverage: Perhaps you can't afford to make your brand a household name nationwide. But by using the brand in a disciplined, targeted way, you can make it memorable for the audiences that matter to you. Leverage your partnerships with other organizations and the public relations value inherent in nonprofit work. (In the case study noted above, the Monadnock Center for Violence Prevention highlighted its new brand by unveiling it at its 25th anniversary celebration, which was covered by the local press.)

Make the Brand Investment

In today's overloaded information landscape, branding should be viewed as a strategic investment. The process of formulating your organization's brand can have benefits internally, as well as externally, rallying everyone around a core message.

No matter how you go about strengthening your organization's brand, don't put it off. Brand-building is an ongoing, pervasive activity that can take time to pay dividends. The sooner you begin, the sooner you'll reap the benefits. ■

Resources

Lauer, Larry, "Achieving an Admired Organization," *Nonprofit World*, Vol. 11, No. 6.

Murley, Kevin, "Success Starts with Your Name," *Nonprofit World*, Vol. 22, No. 2.

Shenkman, Michael, "Defining Your Leader Brand," *Nonprofit World*, Vol. 25, No. 2.

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



Elizabeth Brown is the president and co-owner of the strategic communications firm Church & Main, Inc. (9 Church Street, Keene, New Hampshire 03431, ebrown@churchandmain.com, www.churchandmain.com), with more than 25 years of experience in marketing communications. For more information on the Monadnock Center for Violence Prevention, visit www.mcvprevention.org.



Outside the Comfort Zone

Follow these five steps to break your way out of the status quo.

By Paul Lemberg

Comfort is defined as a condition of pleasurable ease. You can become comfortable with all sorts of things — good and bad. You're comfortable because you've learned the right responses and feel adequate to the challenge. You know how to gauge your efforts, so you needn't work too hard for acceptable results. And it just feels so good.

The problem is that staying in the comfort zone will kill your organization. Why? "What's wrong with being comfortable, as long as it's the good kind of comfort?" you ask.

On the face of it, nothing. Except that things change. When you're in the comfort zone — that place of pleasurable ease — it

Is what you see in the future the place you really want to take your organization?

means you've accepted the status quo. You like it, and you hope things remain just the way they are. You aren't changing with the changes. You aren't making progress. You've probably lost sight of your vision, and you're doing things you've done over and over and over.....

And the precipice you're rushing toward is just out of sight around the bend.

What to do about these nice-feeling but dire circumstances? Here are five steps to getting out of the comfort zone.

One: Recognize that you're in the C-zone. See "Test Yourself: Take the C-Zone Challenge" on page 15. Your score will let you know if you're in the comfort zone and, if so, how far into the zone you've sunk.

Two: Re-commit to your vision. Do you have a vision? Are you passionate about it? When was the last time you thought about it? Is what you see in the future the place you really want to take your organization? If you don't have a vision, or no longer feel strongly about it, then it's time to do some vision work.

Test Yourself: Take the C-Zone Challenge

Take this quiz to see how deep you are into your comfort zone.

- _____ 1. Have you become used to the way things are?
- _____ 2. Have you stopped pushing your organization forward?
- _____ 3. Have you ceased looking for new opportunities?
- _____ 4. Can you think of more than one time recently when you've taken your eye off the ball?
- _____ 5. Have you started to let certain things — things that used to be important — slide?
- _____ 6. Have you become comfortable with your current circumstances?
- _____ 7. Do you dislike change?
- _____ 8. Did you once have a vision, which you've let fall by the wayside?
- _____ 9. Do you know you could accomplish more?
- _____ 10. Is everything just fine?

(Score five points for each “yes” to questions 1 through 10.)

- _____ 11. Can you state, with clarity, what new ground you've taken this week?
- _____ 12. Have you contemplated your vision or your mission this week?
- _____ 13. Have you scored a major win in the past two weeks?

Score 5 points for each “no” for questions 11 through 13.)

- _____ 14. When was your last innovation? If it was more than one month ago, score 5 points.
- _____ 15. Name two things you've gotten used to even though you don't like them. Score 5 points for each one.
- _____ 16. Name two things you've sacrificed for your vision in the past month. Subtract 3 points for each one.

Scoring:

10 or under: Congratulations! Yours is a cutting-edge organization, and you're doing a great job of fulfilling your mission.

11-15: You are borderline comfort zone. Remind yourself of your mission, and get busy.

16-20: You are definitely in the comfort zone. Start the five step program, immediately.

21+ : You are deep in the zone. If you can rouse yourself, seek help quickly.

What are the consequences of maintaining the status quo while the world around you changes?

Three: Set new goals and objectives. Where does your newly resurrected vision lead you? What goals do you want to achieve along the way to realizing it? Be specific. Be concrete. (You don't have to do a whole strategic plan here, just get the motor running again.)

Four: Examine the consequences. If you remain in the comfort zone, what's likely to happen next? What are the consequences of maintaining the status quo while the world around you changes? Be brutally honest. If things truly look rosy, wonderful. Good for you. But if they don't.....

Five: Take action. The stuff that used to work, well it doesn't work now. In the end, the only thing that really makes a difference is action. And you may not be used to action; you may have lost the habit. Here's the short solution to busting out of the comfort zone: Set five new actions that will move things forward. Pick one and execute it right away. Start today. The best time would be as soon as you're done reading this article. Then pick another and do that. And so on. It sounds simple — and it is! The hard part is lifting off that easy chair and getting started. ■

The precipice you're rushing toward is just out of sight around the bend.

Resources

Eadie, Douglas C., “Putting Vision to Powerful Use in Your Organization,” *Nonprofit World*, Vol. 13, No. 4.

Jenson, Donna, “Sharing the Vision: Every Leader's Obligation,” *Nonprofit World*, Vol. 8, No. 5.

Jones, Richard L. & Douglas C. Eadie, “Fostering Innovation & Growth,” *Nonprofit World*, Vol. 12, No. 1.

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

When was the last time you thought about your vision?

*Paul Lemberg is the president of Quantum Growth Coaching (<http://qgcf.com>) and executive director of the Stratamax Research Institute (<http://lemberg.com>). You can pick up his book *Faster Than The Speed of Change* at <http://lemberg.com/faster.html>.*

The Secret to Financing Your Capital Project



Save time and money with this low-cost financing option.

By Joseph P. Carlucci & Robert C. Schneider

There's a financing alternative available to nonprofits in most areas of the country that could reduce new-project financing costs by hundreds of thousands of dollars. For many nonprofits, however, it's an unintentional but well-kept secret. It is unknown or ignored by a surprising number of organizations preparing to finance capital projects. For those who know about it, however, the savings are huge.

- **The Masters School** in Dobbs Ferry, New York, was able to cut the cost of financing a new \$17.6 million science building by some \$600,000 a year. The building was financed with a bond issue that carried an interest rate of 3.4% to 3.5% over the initial 10 years of a 30-year bond. A bank loan would have been around 5% to 5.5%.

- **The Seamen's Society**, seeking a new facility to better serve abused and neglected children, purchased and renovated a commercial building near the Ferry Terminal on Staten Island with the

Traditional capital campaign fundraising efforts rarely catch up with the cost creep.

proceeds from a \$5.4 million low-interest bond.

- **An assisted-housing project** in Vigo County, Indiana, was made possible with a \$7.5 million, tax-exempt, variable-rate bond at an initial interest rate of under 2.0%.

- **The Professional Children's School** in New York was able to complete a 14,000 sq. ft. addition with funds raised through an \$8 million variable-rate bond. The bond carried an initial interest rate of between 1% and 2%.

- **The Boys and Girls Club** of Greenwich, Connecticut, expanded its facilities and service to the community with the aid of \$14.8 million variable-rate bonds with an opening interest rate of 1.2%.

What Is the Secret?

In each of the above cases, the financing "secret" was the use of low-cost, often tax-exempt bonds issued by state, county, or city economic or industrial development agencies. Such bonds are issued by authorities or agencies created by state statute. The specifics vary a bit from state to state. Depending on the state, the entities issuing the bonds may be called industrial development agencies, economic development authorities, educational facilities authorities, or something similar. Although state statutes may vary, IRS provisions exempting certain bonds from income tax are uniformly applied throughout the country.

The economic or industrial development agencies provide incentives and financing assistance, including bonds, on behalf of borrowers planning capital projects. More than 1,000 such agencies exist across the nation. In New

York State, for example, there are more than 150 agencies at the county, city, town, and village level. In other states, such as Connecticut, the agencies operate statewide.

One Example of the Benefits

Just how valuable tax-free bonds can be to nonprofits and the community — beyond the financing itself — may be seen in the experience of the Jacob Burns Film Center. Several years ago, a group interested in establishing a cultural art center purchased the shuttered Rome Theater in Pleasantville, New York. It had been closed as a theater for 33 years and was being used as office space. The group's objective was to create a cultural center devoted to the art of film. The center would include a state-of-the-art theater that would present the best of independent, documentary, and world cinema. The cost of renovations was projected to be in the millions.

With their mission and renovation plans drawn up, the founding board prepared to launch a \$5 million capital campaign. Then they learned that they could use a tax-exempt bond as interim financing. It would enable them to finish the facility and begin operations within a year or two, far faster than they could raise the needed funds through a capital campaign. Completing the renovations would, in addition, enhance the fundraising campaign's success and allow the Film Center to quickly start generating operating revenues.

The board agreed to apply to the County of Westchester Industrial Development Agency (IDA) for bond financing. Within months, the IDA issued a 30-year, \$4.5 million

You can use bonds to refinance your organization's debt, a fact especially useful in an era of volatile interest rates.

tax-exempt, variable-rate bond. Reconstruction was soon under way. In part, the IDA responded to the potential impact that the new Film Center would have in stimulating the local business community and enriching the cultural life of the area's residents.

The Jacob Burns Film Center opened its doors a year later. With the facility running, the Film Center has found it easier to raise additional funds. Attracting a wide audience from throughout the region, it has brought new vitality and economic success to the community.

Far-Reaching Advantages

Like the Film Center, a growing number of nonprofits are financing their projects with bonds issued by state, county, or city economic development agencies. Bond financing lets these nonprofits move ahead quickly to construct needed facilities. They can put these facilities into service years earlier than if they raised the funds through a traditional multi-year capital campaign. Nonprofits that launch a five-year capital campaign often find the campaign stretching to six or seven years or even longer. By the time the funds are raised, an originally estimated \$4 or \$5 million capital project may have increased to \$8 or \$9 million or more because of the 10%-15% compounded annual construction cost increases. Traditional capital campaign fundraising efforts rarely catch up with the cost creep.

Although the chief benefit of bonds issued through economic development agencies is a low interest rate compared with conventional borrowing, they offer other benefits as well. The bonds are typically issued with a 10 to 30

year maturity, and their interest rate may be fixed or variable (floating). In addition, this type of financing often brings with it certain tax abatements and economic incentives such as reduced energy costs. As capital market instruments, bonds often have more flexible terms than comparable bank loans. Because the interest paid to bondholders is exempt from income taxes, the bonds are highly marketable to individual and institutional investors in high tax brackets, particularly where they may be taxed on three levels — federal, state, and local.

You would do well to consider bonds not only for capital projects but for other uses, too. For example, you can use bonds to refinance your organization's debt, a fact especially useful in an era of volatile interest rates. ■

For those who know the secret, the savings are huge.

More on Planning Your Capital Project

See these *Nonprofit World* articles (www.snpo.org/members) for more advice on planning your cap project:

The First Capital Campaign (Vol. 6, No. 1)

Are You Ready for a Capital Campaign? (Vol. 12, No. 5)

A Strategy for Capital Project Success in a Tight Economy (Vol. 22, No. 3)

This type of financing often brings with it certain tax abatements and economic incentives.

Joseph P. Carlucci, Esq., and Robert C. Schneider, Esq., are partner and counsel, respectively, at Cuddy & Feder, LLP, a law firm with offices in White Plains, Fishkill, and New York City, New York, and Norwalk, Connecticut. They primarily represent borrowers and underwriters in tax-exempt and taxable bond financing transactions, involving public and privately held corporations and nonprofit organizations.



The Power of Partnership

By Betsy Liotus

I recently saw an episode of *Extreme Makeover—Home Edition* in which a construction team undertook a seemingly impossible building renovation for a family in need. The charge was to build a 4,800 square foot house for an Alaskan family with 13 adopted children living in a 900 square foot shack. More than 50 local artisans, carpenters, and others helped frame, roof, drywall, trim, paint, tile, and otherwise complete a multitude of related tasks in less than a week. When they were finished, high school students carried in roomfuls of new furniture, paid for by program sponsors. Friends and neighbors provided encouragement and support throughout the exciting but exhausting work week.

This collaborative effort accomplished more than any single group of organizers, sponsors, crew, decorators, students, or cheerleaders could have accomplished on their own — and in far less time.

Collaboration can have equally satisfying results in the nonprofit world. Creative and comprehensive collaborations may include government and corporate partners as well. In times of increased competition for funding and demand for services, collaborative arrangements are a good way for one group to use the resources or expertise of another to improve program effectiveness, revenue, or visibility. The most successful collaborations involve organizations with compatible or complementary missions, mature leadership, and mutually agreed upon timelines and outcomes.

It Takes a Village

At Fellowship Housing Corporation (FHC), a transitional housing program for single mothers and their children, we relied heavily on collaboration to meet client needs. For example, despite relatively low incomes, our clients became remarkably adept at avoiding credit card debt by discerning needs from wants, saving for special purchases, or

Here's an overview of what collaboration can accomplish — and steps to take before you get started.

going without. Inevitably, however, a car would break down and require repairs that cost far more than most clients could possibly have budgeted for. Faced with using a credit card to pay for repairs or losing their jobs because they had no transportation, most used the card.

A local auto repair shop (and later a local church) saved the day by agreeing to donate the labor for these repairs. FHC picked up the cost of the parts and then worked with clients to pay back that amount through small monthly payments. Many FHC donors enjoyed contributing to this fund as well. Together, we ensured that unexpected auto repairs didn't undermine the progress clients had made in so many ways. FHC gratefully acknowledged the repair shop in newsletters and other communications, enhancing their reputation in the community and perhaps increasing business as well.

A similar arrangement with a

Consider the message
your constituents will
receive when they learn
of your partnerships.

local dentist was already in place when I arrived at FHC. Dr. D. set aside one Saturday morning per month for the purpose of providing dental check ups or dental work for clients and their children. His staff members took turns volunteering their time on those days to help. A local eye doctor did the same.

A Wing and a Prayer

FHC's most complex collaboration came when we approached another transitional housing program called Women In Need Growing Stronger (WINGS) about a joint proposal to the U.S. Department of Housing and Urban Development (HUD). The missions,

client base, and service area of FHC and WINGS were all similar. The supportive services each offered varied in scope, from the dental, eye, and auto repair support offered by FHC to vocational training, life counseling, and emergency shelter service provided by WINGS. An added element of interest was the fact that FHC was a faith-based organization while WINGS was not. Both organizations, however, struggled to meet a never-ending array of client needs with limited resources. About that time, HUD was shifting its funding preferences toward organizations willing to work together to meet such needs.

The government funding process can be a daunting one, especially for organizations new to that process. So WINGS' track record in securing these grants was of great benefit. However, in order for FHC to develop its own track record, we became the lead grantee

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Shining Stars

By Hunter Phillips Goodman

Snapshots of organizations that excel in nonprofit collaboration with fellow nonprofits

FuzzyFotosKC – Kansas City

When Kansas City Free Health Clinic and No More Homeless Pets* sat down together they weren't sure if a joint project was possible. After an initial brainstorming session, the group found a shared idea they could work from: "If you cannot afford health care for yourself, you most likely cannot afford health care for your pets." Using this as their guide to work together, FuzzyFotosKC was born. FuzzyFotosKC is an online photo contest featuring local Kansas City citizens and their fuzzy, feathered, furry, and sometimes scaly pets. During a six week period the contestants use a variety of campaign tactics to get as many \$5 votes as they can for their photo. The contestant with the most votes wins. In 2006, the inaugural year, FuzzyFotosKC raised just over \$80,000 that was evenly split between No More Homeless Pets and the Kansas City Free Health Clinic. Both organizations understand that without their collaborated efforts the fundraiser could not work. The two groups serve two separate communities but find common ground and success when working with each other.

For more information about FuzzyFotosKC, visit www.fuzzyfotoskc.com or contact Joe Bellinger at 816-777-2764.

**No More Homeless Pets (www.nmhpkc.org) is a coalition of veterinarians, humane societies, municipal shelters, rescue groups, spay/neuter groups, and individuals who are working toward a time when there will be No More Homeless Pets in Kansas City. Its mission is to lead a cooperative effort to end pet overpopulation and transform the KC area into a "Humane Community." The purpose of the Kansas City Free Health Clinic (www.kcfree.org) is to promote health and wellness by providing quality services, at no charge, to people without access to basic care.*

THE ARC — Washington, D.C.

Nearly half of Washington, D.C.'s children live east of the Anacostia River, in neighborhoods where drug dealers and gangs rule the streets and safe, clean places to play are few and far between. Half of those children live in poverty. Until THE ARC was built in Ward 8 in 2005, many of these children and their families had no access to cultural, artistic, or safe after-school activities in their community. More than 7,000 children live within one mile of THE ARC. The Town Hall Arts and Recreation Campus, created by developer William C. Smith and Company, serves 2,000 kids each week, in collaboration with its nine partner organizations operating in the building: Boys & Girls Clubs of Greater Washington, Children's National Medical Center, the Corcoran Gallery of Art, Covenant House Washington, the Levine School of Music, Parklands Community Center, Trinity University, the Washington Ballet, and the Washington Middle School for Girls. All of these organizations are longstanding service providers in D.C., and many had been operating in satellite locations, such as in public schools or mobile units, before THE ARC gave them a permanent home in the neighborhood.

The 110,000-square-foot facility, which is open every day, is unique in the United States, conceived originally as a community center to serve a new housing development. Visitors from urban cities all over the country have visited THE ARC to learn what makes it successful. THE ARC's 365-seat theater — the only theater of any kind east of the river — presents concerts, plays, and movies, and serves as a venue for town hall meetings, debates, graduations, and other community presentations. D.C. government provided one-third of the funding needed to build THE ARC, according to Executive Director Skip McMahon. Foundations, corporations, and other donors contributed as well to make the vision a reality.

For more information, contact Betsy Rosenblatt Rosso (www.betsyrosso.com, betsy@betsyrosso.com), a writer, editor, and communications consultant who helps nonprofit organizations tell their stories.

Disaster Recovery Services of George County — Mississippi

Following Hurricane Katrina, concerned citizens of George County, Mississippi, united to address their communities' needs by sharing resources, working collaboratively, and acting together. George County is only 62 miles northeast of Biloxi, Mississippi and was not spared Katrina's wrath. Disaster Recovery Services (DRS) of George County is a multi-organization disaster recovery group established in January, 2006, to handle disaster recovery efforts locally through equal access to assistance resources, collective and creative problem solving, and quick decision making following disasters. At the time, George County had a list of about 300 families who needed help — help best delivered by uniting the community for shared resources, creative ideas, and direct hands-on service.

Within the first three meetings, the collaborative effort included the City of Lucedale, American Red Cross, First National Bank, Century Bank, Habitat for Humanity, Church World Services, First United Methodist Church, First Baptist Church, St. Lucy Catholic Church, Grace United Methodist Church, Crossroads Free Pentecostal Church, First State Bank, George/Green County Baptist Association, Shipman/Winborn Chapel UMC, Church of the Brethren Salvation Army, Modern Woodmen of America, Touch of Joy Ministries, Lucedale Police Department, St. James United Methodist Church, UMCOR, Antioch Methodist Church, Immaculate Heart Community Outreach, Mt. Pleasant United Methodist Church, George County E.M.C., Missy Havard Tax & Accounting Service, George County Ministerial Association, and the area FEMA liaison.

DRS welcomes volunteers to the George County area to help residents build, repair, and clean up homes. Volunteers join team members who are taking steps together to rebuild their community and its people one house at a time.

For more information, contact Rev. Harrell Moore (hjmdrs@bellsouth.net, 601-766-0730), director of Disaster Recovery Services of George County and pastor of Grace United Methodist Church of Lucedale, Mississippi.

Push for additional clarity beyond the simple altruistic motives your contacts may describe.

in the proposal to purchase a six-unit apartment building to be used by clients from both programs for a three-year period. Myriad support services were also included in the proposal, which was approved by HUD in December, 1999, and subsequently renewed several times. This effort required monthly meetings between caseworkers from each organization, as well as frequent communication by the executive directors.

Risk Management

Even well conceived and well executed collaborations are not without risk. Misunderstandings can arise. Staff turnover or differing philosophies can also be a challenge. The best defense is a well-informed and supportive board of directors and experienced staff asking good questions up front, evaluating progress regularly, and making adjustments as needed along the way. Timely and honest communication is the key, along with a shared sense that something worthwhile is being achieved together that neither organization could likely accomplish on its own.

The Nonprofit Risk Management Center (www.nonprofitrisk.org) offers a checklist to help ensure that proper consideration is given to important issues before entering into a collaborative project or program with a nonprofit, for-profit, or government partner. Use the questions in the following checklist to help make a decision about what form, if any, a collaborative effort might take.

Risk Management Checklist

Confirm Compatibility. Is your organization compatible with your intended partner? Will you violate

any precedents or policy by partnering with the organization? For example, is it appropriate for a youth-serving agency to engage an alcohol or tobacco producer (or its subsidiary) as a lead sponsor of an educational program?

Understand Motivations. Your reason for collaborating may be clear — to raise money for a critical initiative, for example. The factors motivating your potential partners may be less apparent. Perhaps they want to cleanse a tarnished image, for instance, or target a new consumer group, such as members of an ethnic minority group. Look beneath the surface to be sure you understand all your partner's motives, not just the obvious ones.

Look beneath the surface to be sure you understand all your partner's motives.

Conduct Due Diligence. It pays to perform a minimal level of due diligence before formalizing a partnership. For example, is your potential partner a subsidiary of a company that engages in activities that your constituents may find objectionable? Does it engage in unacceptable business practices (foreign labor, child labor, or inadequate attention to environmental safeguards)?

Interpret the Message. Carefully consider the message your constituents will receive when they learn of your partnerships. Will they be bombarded with advertising that contains your logo? Will it appear that you have endorsed your partner's products, services, or political stance? Have you?

Clarify Expectations. The most important ingredient in a successful partnership is clarity of expectations. Make certain you know and acknowledge what your partner hopes to get out of the endeavor. If your partner expects an increase in sales to a specific constituency, determine what they expect you to do to accomplish that goal. Push

for additional clarity beyond the simple altruistic motives your contacts may describe.

Put It In Writing. If the collaboration spans a period of time, involves a substantial sum of money, or calls for specific responsibilities from each partner, be sure to create a written agreement. A brief "Memorandum of Understanding" or "Memo of Agreement" lets you outline expectations and assign risk to those who will be responsible if something goes wrong. ■

Resources

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"How to Partner for Success," *Nonprofit World*, Vol. 24, No. 6.

Lies, Valerie, "How Nonprofits Can Partner with State Regulators," *Nonprofit World*, Vol. 24, No. 3.

These resources are available at www.snpo.org/members. Also see Learning Institute programs on-line: Strategic Alliances (www.snpo.org/li).

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Five Technology Pitfalls for Nonprofits: Finding Cost-Effective Solutions

Are you making any of these expensive mistakes?



By David Gleason

Finding technology to help meet your goals can be challenging on a limited budget. But take heart! It is possible to have reliable, high-performing systems without breaking the bank. How? By heeding these five cautions:

1. Don't depend too heavily on used equipment

Many nonprofits are saddled with unreliable technology — albattross donations that seemed like a good idea at the time but turned out to be costly to maintain. How many of us have waited for an older computer to reboot over and over? A clear policy on what systems to accept as donations will help keep maintenance costs down and productivity high.

Used equipment can be helpful, but only under certain circumstances. Computers generally go obsolete in three to five years. Machines that have a single, dedicated use may last longer, but after seven years, maintaining any office computer will cost more (in time and expense) than buying a new one. After five years, most machines are useful only for training technicians, simple Web browsing, or student use (note that

since security software slows older systems down, even kids will become impatient). An organization will get at most two years of use out of a three-year-old donation.

It's best to look at the life cycle of a machine and determine the "total cost of ownership" (TCO). This is the sum of costs over the system's usable life: purchase price, software, upgrades, maintenance, user support, and so on.

Computers generally go obsolete in three to five years.

The ratio of the TCO to the anticipated life cycle will tell you the system's annual cost. For example, a new computer with a five-year deployment (fully configured with services and software) might have a TCO of \$5,000 over five years, or \$1,000 per year. A used three-year-old machine might have a TCO of \$3,000 over two years (initial configuration can be expensive, especially if the system must be wiped clean, and you must also pay for software licenses) for an annual cost of \$1,500. That's 50% *more*

than the price of a new computer. If the donation were only one year old, the configuration would be cheaper, so the TCO might be \$2,500 over four years, or \$625 per year. This option would be 38% *less* per year than a new computer.

By contrast, cutting-edge technologies have their own costs. While it's generally good to get new computers when possible, a marginally faster machine can cost far more than a new standard workhorse. And, especially with software, it's usually smart to let products prove themselves in the market before you adopt them.

In addition to direct costs, taking what comes instead of acquiring what's needed can slow operational growth. It's wise to resist the impulse to accept just any donation. As an industry, we're prone to undervaluing time. For example, you might think, "I'll just spend an evening getting it running," only to find one evening turning into five evenings invested in a machine of marginal utility.

Here are ways to bring used IT (information technology) equipment into your nonprofit:

- **Establish** a policy for accepting

donations of used equipment.

- **Steer clear** of systems more than two years old unless you have a specific strategic use for them.
- **Run** a TCO analysis on used versus new options.
- **Buy** standard configurations whenever possible.
- **Pay close attention** to security. Don't let a used computer bring a virus into your office.

2. Don't underbudget for IT infrastructure

Many nonprofits believe that lousy technology is part of the deal, because "money is short and should be entirely devoted to programs." This is a fallacy, the more so since underspending on technology can invite serious security problems.

Wishful thinking never makes systems work well. A nonprofit must design networks and choose software with focused objectives in mind and clear standards for reliability and support.

Select your IT systems through a careful review of functionality. Use professionals for jobs like wiring, server configuration, firewall installation, and software customization. Finally, solicit expert advice *before* you spend money on infrastructure. It's useful to have an advocate who understands both your organizational mission and the technologies under consideration.

"Inexpensive" IT support can lead to inadequate protection from Internet threats, such as spyware, viruses, and other attacks. In severe cases, these omissions can result in lost data and a realization that there are insufficient backups to recover information.

In the interest of saving money, it can be easy to defer policies around security, passwords, and privacy. Don't do it! Recovering from a serious infection on just one computer can take days.

All organizations need dependable support. A quick response to urgent needs saves money in the long run. For example, timing is critically important in outreach. Labels must be printed and ready the day before volunteers come to stuff envelopes.

These ideas can help you budget properly for IT needs:

- **Find** reliable experts to provide planning, deployment, and maintenance support to your organization.
- **Be sure** you have a disaster recovery plan.
- **Identify** staff with specific expertise, and make that expertise explicit.
- **Document** the relationship of systems to organizational objectives.

3. Don't fail to clarify operational needs

It may seem counterintuitive at first, but good technology has more to do with organizational management than with technology itself. Systems codify policies and procedures. Faulty policies become faulty systems. Furthermore, most "IT projects from hell" arise from a lack of clarity about needs.

This can be especially problematic in nonprofits because we're often so focused on the needs of program beneficiaries that we can lose sight of operational needs. Computers "grease the skids," but they also

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lock you into specific procedures. For instance, a jobs program might have an opportunity to start providing training services, but the system is set up to track job openings and candidates, not course registrations. Adding such functionality must be understood as part of the new offering's cost. The parameters of the program will determine the functional requirements of the system.

Consider these suggestions to clarify needs:

- **Align** your IT strategy with your organization's mission.
- **Before deploying a system, decide** how you'll know when it's complete and working correctly.
- **Ensure** that your Web site promotes your organization's mission.
- **Avoid** embedding problematic assumptions into the system.
- **Pay close attention** to data quality.
- **Articulate** the purposes of the IT system: fundraising, accounting, communications, outreach, networking, publicizing, educating, and so on.

4. Don't ignore the decisions incorporated in your systems

In most technology, functions are developed and tested, and once they're working reliably, they're subsumed, or incorporated, into larger systems. These larger systems, in turn, are subsumed into still larger ones. Once components, subsystems, and systems are operating, the processes become subsumed – invisible and unavailable to the end user. The failure of subsumed objects can be catastrophic, as in the Challenger and Columbia space shuttle disasters, where once the subsumed errors manifested, lives had already been lost. Nonprofits aren't immune to subsumption problems, although the effects usually aren't fatal. For example, a donor system that has subsumed erroneous dates can publicly embarrass an organization.

To the layperson, technology seems as if it should be extremely malleable. For instance, people tend to think making changes to software should be easy because programming is just a set of instructions, and it's not like renovating a building made up of physical materials. However, the principle of subsumption makes it clear that changing base components is like moving building foundations and can require changes to entire systems. The Y2K problem, for example, was a result of subsumed date processing: No one thought the systems would be around long enough to need four-digit dates.

"Subsumption ethics" means managing the process by which decisions become incorporated into technology and then forgotten. Technological systems, by nature, repeat operations. Even if those operations have unethical impacts within or outside an organization, the systems will continue to execute them anyway.

Here are tips for coping with the subsumption problem:

- **Recognize** that IT systems are more grown than built, and that good management matters far more than specific technologies.
- **Avail yourself** of strategic thinking to grow systems that are reliable and well-suited to your organization.
- **Actively manage** political issues such as board involvement and user satisfaction.
- **Establish** policies you can apply as systems grow in order to incorporate good decisions throughout the process.

5. Don't rely on home-grown software

Computer systems codify operations. It's often tempting to build your own system, because you want to keep costs down and be flexible enough to respond to unforeseen situations. Resist this temptation! A system built by a single employee who leaves can be a debilitating legacy. Long-term system support is as important as clear requirements and reliable infrastructure.

Organizations can become sad-

dled with home-grown software that's difficult to manage and impossible to maintain. This burden can be compounded by the desire to continue to focus on mission and not on technical issues. These "legacy systems" can hang around for a long time.

Customizing software often results in poorly structured data with compromised integrity. In general, it's expensive to gather and maintain data. The entire IT industry struggles with quality, but home-grown applications are more susceptible than packaged systems to mediocre data, obsolescence, and inaccessible information.

Many organizations inherit an application which no one knows how to maintain. It's often better to establish a relationship with a software provider who will keep the system up-to-date and be at the other end of the phone when you have an urgent problem.

Use these recommendations to avoid software and system woes:

- **Take** the build/buy decision very seriously.
- **Limit** your system requirements.
- **Collect** as little data as necessary to achieve your purpose.
- **Evaluate** the availability of needed technical expertise, and fill in the gaps.
- **Run** due diligence on all projects, vendors, and staff to ensure that they have a track record of success at these projects. If they don't, bring in outside expertise. ■

Resources

"Donated Computers—Burden Or Blessing?", *Nonprofit World*, Vol. 21, No. 4.

Piersall, Joanne R., "Contingency Planning: Facing Disaster and Surviving," *Nonprofit World*, Vol. 11, No. 3.

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

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Volunteerism Vectors



What are the newest volunteer trends, and how can you benefit?

By Bruce Glasrud

Evolutions in the workplace. Revolutions in communications. Complex predilections in consumer behavior. All these factors are driving important changes in volunteerism. They strongly signal that you'll need to alter the ways your organization attracts and involves volunteers.

In an increasingly hustling and bustling society, increased claims upon everyone's time aren't news to anybody. Yet time constraints are not, nor will they be, the key factor in the decision to make a volunteering commitment. More important are such factors as the collapse of traditional workplace loyalties and society's fixation on immediate gratification.

Let's scan those and other impending trends as we look at the new volunteer ethos emerging. It's vital to understand this volunteer mindset if your nonprofit is to survive, much less thrive. Here are a few arising volunteerism trends to take into account

If you were an automobile dealer, you wouldn't sell many cars by advertising "Buyers Needed!"

Consumer Volunteers

Historically, volunteerism has been a fairly balanced buyer's and seller's market for volunteers and nonprofit organizations. The balance is decidedly moving toward a seller's market with volunteers having the apparent advantage.

The reason is that our society has shifted from a producer economy to a consumer economy. With that change, mostly younger *consumer volunteers* are replacing the mostly older *producer volunteers*. Therefore, both the conceptual and concrete language with which you recruit and involve volunteers must become less organization-centered and more consumer-centered.

The tricky thing is that consumer volunteers will still pretend they're producer volunteers. Oh, they'll talk about how they're motivated to meet community needs and such. Don't let that fool you for a second! Consumer volunteers aren't attracted to your organization by your — or even your clients' — needs. They're drawn by the opportunity that your volunteer job can offer to fulfill *their* needs in some way.

For that reason, you'd better come up with better sales pitches than "Volunteers Needed!" Producer volunteers responded to that sort of thing, because they were gratified simply to be of assistance. Not so with consumer volunteers. To recruit them, you must clearly show how volunteering for your organization will personally broaden or educate them.

Sure, they still want to "feel good" about what they're doing. But their fulfillment needs exceed simple
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emotional gratification. The fact that you need volunteers is important only to your organization. If you were an automobile dealer, you wouldn't sell many cars by advertising "Buyers Needed!"

Treat today's potential volunteers like shoppers out buying volunteer opportunities, because that's essentially what they're doing. Generate consumer-centered recruitment messages to reach them. Marketing to — rather than appealing for — volunteers will be the key to your recruitment success.

Tradition Omission

As one volunteer generation ages, many of the volunteer jobs they do are aging as well. Much of your emerging volunteer workforce won't be turned on by the types of volunteer jobs the WWII-era generation was content to do.

Your task is to channel both your old-hand and spanking-new volunteers toward more contemporary ways of volunteering with your organization. To make this transition, you must abandon any archaic volunteer jobs — or obsolete ways of doing those jobs — that keep your organization stuck in time.

Choiceful Choosiness

The next trend will be for highly individualized involvement. Many volunteer job descriptions will look like a pick-one-from-each-column menu. Volunteers will negotiate and, essentially, contract with you to carry out their selections. They'll expect you to provide a wide array of opportunities from which they can choose.

Short, Short, Short Volunteering

Our society has a short attention span. With downsizing in bad economic times alternating with job-hopping in good times, we have spawned short-lived loyalties. Hence, many volunteers prefer shorter-term volunteer commitments.

Increasingly, volunteers will sign on more readily for the casual, occasional, episodic volunteer job. Some volunteer tasks can readily adapt to that time window. Others

may require considerable modification to attract volunteers. Job-share volunteer opportunities, anyone?

A Situational Society Makes Situational Volunteers

Despite the rhetoric over ethics these days, we live in a society in which "situational" ethics — and a situational approach to life — prevails. Volunteers will increasingly sway to-and-fro with whatever "hot" cause grabs their attention. There are only two ways you can benefit from this situational society trend:

- **Become a "hot-hot-hot" organization, issue, or cause.**
- **If you're a "hottie" organization, don't rest on your laurels.** The greatest failing among non-profit organizations is to let their "hotness" slip away — and then complain when their situational volunteers slip away as well.

A digital camera should become a standard-issue tool for volunteer recognition.

Demanding Demands

Volunteers, as "consumers" of your volunteer jobs, will be pickier about the way you involve them. Foremost, they'll want opportunities to feel they make a difference, however they define it. They'll also expect you to have a well-managed volunteer system. They'll have little tolerance for make-work projects or time-wasting inefficiency.

If you fail at your end of the bargain, volunteers will surely "vote with their feet." And in our communications-linked society, it's easier than ever to get bad-mouthed in the community by disgruntled volunteers.

More Mission-Minded & Less Organization-Oriented?

It's not that volunteers will no longer have passion for a cause. Many people will have plenty of it. It's just that they may not have passion for your organization's vision — or your organization's version — of that cause. Some

folks will be, in effect, "free-agent" volunteers focused on furthering a specific cause rather than on the organization supporting that cause.

These free-agent volunteers may strongly challenge your methods. Some may have more expertise in your mission arena than do you or your staff. Many of these volunteers will expect greater participation in the planning, decision-making, and evaluation processes. They won't be satisfied with the recognition baubles and banquets of old. In return for their work, they'll require shared power. Talk about heavy-duty volunteer recognition!

Some organizations will be unwilling or unable to share power with their volunteers. Thus, they will limit not only the number of volunteers willing to work with them but also the crucial exchange of ideas necessary for nonprofits to grow and thrive in our 21st-century communities.

True Believers

The same societal trends that create free-agent volunteers will spawn a contrasting group of "true-believer" volunteers. The lack of loyalty in the for-profit workplace and other societal areas will produce in these volunteers a need to be intensely loyal — to something else!

If you want to use true-believer volunteers, you must be prepared to become an intense organization. And you'd better be ready to rely *only* on true-believer volunteers. You don't have the option of combining organization-dependent, true-believer volunteers with organization-independent, free-agent volunteers. Talk about oil and water not mixing!

To cultivate intense loyalty, you need to instill intensity into every part of your organization. Study up on intensity and commitment in various organizations. Investigate the dynamics of religious cults for some examples. The Marines also offer an excellent case study of esprit. It won't be easy to pull this model together. Yet, for some nonprofits, it will produce results.

The Mother of Invention

As you know, nonprofits are the fastest growing sector of our economy. There's an unspoken reason for much of that growth. People who couldn't find an outlet for their energy and talents at existing organizations have themselves founded many of the new nonprofits. The prospective volunteers that just blew out of your door because your volunteer jobs were too narrow and stodgy may come up with their own solution. That new nonprofit organization may have been started by discontented volunteers to fill needs they felt your organization wasn't addressing well. Competition for funding — and for other volunteers — may well have its roots in the stagnation of your own organization's volunteer methods.

Virtual Volunteering & Computerized Connectiveness

Virtual or cyber volunteers can perform many duties without being in your office. They can enter fundraising data, craft annual reports, and write grant proposals from their own homes and transmit their work to you via the Internet. This is only the beginning of what volunteers will be able to accomplish with future technology.

Many nonprofits have been slow to use the Internet to modernize their volunteer programs. Most of you have posted on your Web page the fact that you involve volunteers. Quite a few of you furnish an e-mail link to your volunteer coordinator to request more information. Some of you provide job descriptions and volunteer applications on your Web site. That's good for starters, but let's ratchet it up.

For example, a common complaint is that it's hard to get volunteers to show up for orientation and training. Why not offer such training by e-mail or via your Web site? Orientation presentations in MS PowerPoint, volunteer hand-

books in Adobe Acrobat, and video training can be delivered over the Internet and viewed at the volunteer's convenience. Want to make sure your volunteers "did their homework"? Simple! E-mail them a quiz and have their supervisor follow up with them when they report for their assignments.

As another example, scheduling volunteers is usually a major headache. The Internet is coming to the rescue to handle much of that chore. Tomorrow's answer to telephone tag will involve matching volunteers' online appointment calendars with your organization's schedule and needs. All those Palm Pilot organizers that folks are carrying around these days will simplify the task. E-mail can also confirm volunteer assignments, provide instructions, record volunteer hours, and a whole lot more.

Don't forget about volunteer recognition. Someone needs to design some snazzy e-mail thank-you notes and some of those cute animated e-cards specifically for volunteers. A digital camera should also become a standard-issue tool for volunteer recognition. What a quick and easy way to catch your volunteers in the act of making a difference! You can e-mail them the pictures for keepsakes, and you'll have some great shots for your annual report as well.

Advanced computer technology will provide expert systems to help you create and deliver programs and services. Eventually, artificial intelligence will guide your actions and help you make more informed decisions. As technology evolves to support your organization in serving your mission, don't forget to envision how your volunteers can also use that technology. Tomorrow's volunteers, especially gen-X and gen-Y, will rate you by the technology you offer them in their efforts to make a difference. More and more, harnessing technology will be the key to recruiting and retaining volunteers.

Baby-Boomer Boom or Bust

Reinventing Aging: Baby Boomers and Civic Engagement, a

report from the Harvard School of Public Health, contains some interesting demographics on boomer volunteers. (Download a copy at <http://www.hsph.harvard.edu/chc/reinventingaging/Report.pdf>.) The report has some sound advice on attracting baby-boomer volunteers.

However, the report doesn't address one boomer vector that has profound implications for nonprofits. Baby boomers are just beginning to come to grips with their mortality and think about what sort of legacy they've left the world. They have a mythos that they changed the world. Much of that dream, however, hasn't been fulfilled. As they confront the fact that they're not going to live forever, many boomers will feel they dropped the ball with social change. Having raised families and had careers, they will now turn their attention to making a difference so that they can mend their legend and perhaps make amends for turning into yuppies.

Organizations prepared to offer authentic opportunities for boomers to leave a legacy will prosper in terms of both volunteers and donations. Much of what this article has outlined is what you'll need to know to recruit and involve this important group as volunteers. ■

Resources

Ellis, Susan, "How You Can Benefit from Volunteer Trends," *Nonprofit World*, Vol. 13, No. 5.

Glasrud, Bruce, "Advance to the Future or Retreat to the Familiar?," *Nonprofit World*, Vol. 22, No. 6.

Levinson, Nick, "The Withering Volunteers: Bring Them Back Alive," *Nonprofit World*, Vol. 20, No. 5.

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

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10 Questions *for* CEO Candidates to Ask during the Interview

If you're a nonprofit CEO — or want to be one — here's what you need to know about the board.

By Miriam Carver

A good friend recently told me she was applying for the CEO position in a local nonprofit organization. My friend, Charlotte, has had a successful management career in a for-profit company. She wants to change course and use her talents for nonprofit purposes. She feels she has seen the best and worst sides of business. But she hasn't seen the issues and traps awaiting CEOs in the nonprofit world.

With Charlotte in mind, I started wondering about the issues that should be checked out by anyone thinking of working as a CEO for a nonprofit board. This article provides 10 key questions a CEO candidate should ask in her job interview, along with commentary on the need for each question and the answers you'd receive if the board was using the Policy Governance® model.¹

Question 1: If I'm hired, will the board hold me accountable for the organization's performance?

This question goes to the heart of what a CEO is. Many nonprofits don't describe CEO accountability in terms of total organizational performance. CEOs who are told

It's essential to ascertain the board's attitude toward authority given to the CEO.

that they're responsible only for some aspects of organizational performance (such as budgeting or personnel issues) haven't been given the entire job of running the organization and are CEOs in name only.

A Policy Governance board would be clear on this point. It would describe the CEO position as the connecting point between board and staff, the recipient of board instructions, and the party accountable for organizational compliance with those instructions.

Question 2: If I'm hired, will I be given sufficient authority over the organization to fulfill my accountability for its performance?

It's essential to ascertain the board's attitude toward authority given to the CEO. The board is ultimately accountable for the organization. The main point of having a CEO position is so that the board can be sure its intentions are accomplished. It follows

that it's in the board's interest that the CEO is successful. Withholding authority unnecessarily is self-defeating.

A Policy Governance board would be clear that its focus is on safely giving as much authority as possible to the CEO, not on withholding as much as possible.

Question 3: If I'm hired, will I report only to the board?

At first blush, this looks like a question whose answer is self-evident. But many boards expect (either formally, based on bylaws language, or informally, based on habit) that the CEO will report to more than one entity – for example, to board officers, committees, or to an individual such as the board chair. In such cases, it's inevitable that the accountability linkage to the board is weakened or destroyed.

A Policy Governance board would answer this question by stating that the CEO reports only to the board as a body.

Question 4: If I'm hired, how will I know the board's expectations for organizational performance?

This question seems so obvious, yet it's remarkable how often boards are unclear about their

expectations. The practice of asking boards for approval reflects this lack of clarity. A CEO who knows the board's expectations already knows what's approvable and what isn't. When boards are unclear about the expectations they've agreed on as a body, board members may impose their individual expectations as if they were official board policy.

A Policy Governance board will explain that its expectations for the organization are expressed in two types of policies. The first type — **ends** — describes results to be produced as well as the intended recipients and worth of those results. The second type — **executive limitations** — describes limits placed on the CEO's freedom to choose effective means. A Policy Governance board will further explain that there are no expectations other than those expressed in these two policy types. No surprises!

A job delegated twice is a job for which no one is accountable.

Question 5: If I'm hired, how much authority will I have to make decisions?

Traditionally, boards have been unclear about the authority given to the CEO. The usual practice is that the CEO must ask permission to make decisions in areas that are important, controversial, or new. This means that the CEO must request piecemeal authorizations. It also results in the board second-guessing the CEO and failing to draw a distinction between the board's job and that of management.

A Policy Governance board will explain that the ends and executive limitations policies are defined broadly, and then progressively more narrowly, by the board. The board stops defining its policies at the level that allows it to accept any reasonable interpretation of the policies by the CEO. At

The CEO must pay close attention to written board policies, not to any individual board member's opinion.

this point, organizational compliance with the policies is delegated to the CEO. Thus, the CEO has authority to make any decisions that accomplish ends policies, within the constraints established by the board's executive limitations policies.

Question 6: Do board committees or officers have authority over some or all aspects of organizational performance?

If bylaws or tradition maintain that the board's finance committee or treasurer makes finance decisions, the human resources (HR) committee or HR expert on the board makes HR decisions, and the program committee makes program decisions, the position being advertised isn't that of CEO. In fact, any board officer or committee given a job which overlaps with the CEO position results in employing a person who may have the CEO title but not the job.

A Policy Governance board will state that it expects the CEO to see to it that the organization accomplishes the board's ends policies while avoiding unacceptable means described in executive limitations policies. It will state that it has deliberately avoided giving the same job, or parts of the same job, to more than one person. It knows that a job delegated twice is a job for which no one is accountable. It will explain that board officers and committees are used to help the board do its job, not to be involved in the CEO's job.

Question 7: If I'm hired, what criteria will be used in the board's evaluation of me?

A CEO, of course, should expect the board to evaluate her performance, although a more exact way of stating this would be that the board should evaluate the organi-

zation's performance and hold the CEO accountable for it. Sadly, many nonprofit boards have no fair or rigorous way to do this, since they have set no expectations for organizational performance. They often fall back on asking the CEO to share her personal objectives with the board, and evaluate whether she met them. This fails any reasonable test for CEO evaluation. If the CEO meets her personal objectives but the organization falls apart, is this OK? If the organization accomplishes great things but the CEO fails to meet her personal objectives, is this not OK?

A Policy Governance board will explain that the ongoing monitoring of organizational accomplishment of the board's ends policies, and avoidance of executive limitations policies, is in fact the CEO's evaluation. In other words, the evaluation criteria are all the ends

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More on the Policy Governance Model

Books (available from www.josseybass.com, www.amazon.com, or other booksellers)

Carver, John, *Boards that Make a Difference*

Carver, John & Miriam Carver, *Reinventing Your Board: A Step by Step Guide to Implementing Policy Governance*

Articles from Nonprofit World (available at www.snpo.org)

Carver, John, "When Owners Are Customers" (Vol. 10, No. 4)

Carver, John, "Does Your Board Need Its Own Dedicated Support Staff?" (Vol. 18, No. 2)

Carver, Miriam, "The Board's Very Own Peter Principle" (Vol. 16, No. 1)

Carver, Miriam, "Speaking with One Voice" (Vol. 18, No. 4)

Audio Tape (available from www.josseybass.com)

Carver, John, *Empowering Boards for Leadership*

Web Site

Visit www.policygovernance.com.

and executive limitations policies set by the board; no more, no less.

Question 8: How does the board view its own job?

A great deal can be learned from responses to this question. Traditionally a board will answer that it is the “final authority,” accountable for the organization. Board members will answer that they’re on the board to provide help or advice or to represent various constituencies. There will be no unanimity about the board’s role, as the board will commonly have reached no decision that would settle the matter.

A Policy Governance board will explain that it sees itself as the voice of the organization’s ownership, a concept similar to shareholders in corporations. Many nonprofits define their ownership as a geographical community or a community of interest. The Policy Governance board isn’t the final authority; it’s the *initial* authority, as befits its position high in the chain of command. It’s a commander, not an advisor, recognizing that anyone who wants help can ask for it, but that foisting suggestions unasked blurs the distinction between instruction and advice.

Question 9: If I were to be your CEO, and if board members disagree with one another, to whom should I listen?

Boards should be making high-leverage, future-focused decisions, about which people differ. So it’s devoutly to be hoped that board members disagree. There seems little point in having more than one board member if they all have the same opinion. Debating diverse ideas before making decisions is vital for boards, but that debate isn’t helpful to the CEO. What’s instructive to the CEO is the decision itself.

A Policy Governance board will tell CEO candidates that it encourages debate and uses a fair process in which all involved get to have their say. But it also expects its members to respect the decisions the board eventually makes. The board won’t let dissenting members undermine its policies. This is the “one voice” principle. It doesn’t imply that decisions must be unanimous, just that all board members uphold them. The CEO should therefore be told to pay close attention to written board policies, not to any individual board member’s opinion. This principle lets the board maintain the accountability connection between itself and the CEO.

Question 10: Does the board use an organized governance method? Which one? Where can I read about it?

There are many texts offering advice on governance practices. Many are intended to answer specific questions confronted by boards, such as using committees, creating agendas, and evaluating the CEO. To the extent that this advice gives a CEO information about what she may expect from her board, and how she can view her job, they may be useful. The CEO should be familiar with these texts if the board is using them to define its job. There are, however, no universally applicable theory-based governance systems except

the Policy Governance model.

The Policy Governance board will be able to give CEO candidates numerous published descriptions of the Policy Governance model² along with policies it has prepared according to Policy Governance principles. The board will make it clear that candidates should be familiar with these principles, as CEOs of Policy Governance boards have employment conditions different from, more empowered than, and more accountable than CEOs of boards not using this cutting-edge governance method.

When Charlotte goes to her job interview, I hope the board will be as attractive to her as she will undoubtedly be to it. ■

Footnotes

¹Policy Governance is a board model that clearly distinguishes board and staff responsibilities. The board is responsible for defining ends policies (naming the desired results, recipients, and worth of the results to be produced by the organization) as well as the limits it wishes to place on available means. These limiting policies are called executive limitations policies. The staff’s available means are limited only to those that don’t violate the board’s pre-stated standards of prudence and ethics. Thus, a Policy Governance board is far less likely than other boards to meddle in the organization’s day-to-day workings. For more details on Policy Governance, see www.policygovernance.com. Policy Governance is the registered service mark of John Carver.

²For examples of such resources, see “More on the Policy Governance Model” on page 29.

Miriam Carver is an author and governance consultant, specializing in Dr. John Carver’s Policy Governance® model. She has co-authored three books, authored or co-authored numerous articles, is the executive co-editor of the bimonthly Board Leadership: Policy Governance in Action (Jossey-Bass), and together with Dr. Carver leads the Policy Governance Academy, an intensive training for consultants. Miriam maintains a consulting practice based in Atlanta (404-728-0091, www.carvergovernance.com).

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Building Partnerships between Nonprofits and Businesses

Companies that work to create partnerships with their investors — and their community — thrive. In *Growing Local Value: How to Build Business Partnerships that Strengthen Your Community* (Berrett-Koehler Publishers, www.berrett-koehler.com.), Laury Hamel and Gun Denhart give many examples of how values-driven businesses have built such partnerships. They encourage businesspeople to learn the most pressing needs in their community, determine what qualities their company can offer toward meeting those needs, and partner with nonprofit organizations that match their values. Their examples will inspire nonprofits to generate ideas for working with businesses to build partnerships. □

—reviewed by Terrence Fernsler

Donors Underestimate their Post-Retirement Giving

Although nearly half of all working donors believe they'll need to cut back their giving when they retire, only 20% of retirees actually have to do so, and 32% are able to donate more, according to a survey by the Fidelity Charitable Gift Fund (www.charitablegift.org).

The survey also reveals major generational differences. Baby boomers are the biggest givers, with average donations of \$6,000 in 2006 (compared to the overall donor average of \$5,000). But younger donors are hearing more about charitable giving from their parents than boomers did and are thus poised to become even more generous givers as they grow older. More than half of those aged 25-39 carefully plan their giving each year, and 73% plan to give more to charity than their parents did. □

No Excuse

Is excuse-making a problem in your organization? Excuses are really just defense mechanisms because people fear blame, embarrassment, and reprimands. Here are suggestions to help you reduce excuse-making:

- **Turn mistakes** into a learning experience. Help people see that problems and blunders inspire learning and create opportunity.
- **Clarify tasks** that will be each person's responsibility. Explain how what the employee is doing fits into the big picture.
- **Help people anticipate** possible problems and ways of handling them.
- **Make sure employees know** where to go for help.
- **Discuss tasks** after they're completed. Was the task a success or failure? What was learned? What could be done differently next time? □

—adapted from Nation's Business

Improv at Work

When most people hear the word improv they think of actors performing comedy sketches. But improvisation can also help you become a better leader.

For the greatest success, improv techniques need to be honed. Here are some tips for getting started:

- **Remember** that unscripted is not the same thing as unprepared. You can't engage in verbal volleys without knowing what you're talking about. Practice how to present the right information in the right context.
- **Visualize** the situations where you'll be called on to think on your feet. Putting yourself there mentally can help you prepare for the eventual reality.
- **Rehearse** encounters in which you will need to inspire people. Every detail you can walk yourself through will help you act more effectively in the real situation. □

Greatest-Ever Wealth Transfer Exceeds Predictions

The researchers who estimated that at least \$41 trillion would be transferred between generations from 1998 to 2017 have now shifted that figure upward. After assessing recent data, Paul Schervish and John Havens now predict that funds transferred to heirs between 1998 and 2017 will be greater than the amount they previously said would go to four categories: charitable bequests, gifts to heirs, taxes, and estate costs.

The researchers, from the Center on Wealth and Philanthropy at Boston College, also say that the amount going to bequests will likely be less than the \$6 trillion they anticipated. But that's because the money is going instead to giving during donors' lifetimes. Thus, they still project that at least \$6 trillion will go to charity by 2052. For more information, see www.bc.edu/research/swri. □

Number of Donors Falls, But Donation Size Increases

The number of people donating to charity fell in the third quarter of 2006 compared to the previous year, but donations were larger, according to the Quarterly Index of National Fundraising Performance (www.targetanalysis.com). The number of donors decreased by 2.4%, the study reveals, while revenue per donor increased by the same amount.

continued on page 32



Effective Boards

Here's how your board can achieve extraordinary results for your organization.

By Terrence Fernsler

The New Effective Voluntary Board of Directors: What It Is and How It Works

By William R. Conrad, Jr. 247 pages. Softcover. Athens, OH: Swallow Press/Ohio University Press, www.ohioswallow.com.

This is a revised edition of William Conrad's 1983 book. He makes such a clear and compelling case of what a board does and how it can operate effectively that this book deserves attention again. Further, so many books investigate the details or specific areas of nonprofit operation that an author who does such a good job of covering basic board functions and the big picture should be read.

Conrad is clear on the role of boards. He doesn't hide the reality that there is often tension on boards. Indeed, such tension should be encouraged, he maintains, since it helps the organization accomplish what it set out to do. The underlying factor for success is the willingness to reach for goals

Boards are fundamental to democracy

as a group, not just to seek personal gratification.

A board, argues Conrad, should be an enabler of renewal in an organization. If the board doesn't provide energy focused toward the future, the organization will drift toward chaos.

Nonprofit boards don't do the same things as corporate boards. They are dramatically different in evaluating their organizations, in their relationship to the executive director and staff, in sharing responsibilities, and in creating the organizational culture. Nonprofit organizations are more about leadership than management. Some business practices are appropriate to adopt, but it's a mistake to blindly adopt business practices.

Nonprofits are likely to be what preserves democracy in our country. As more people attain success,

changes give rise to selective democracy and self-interest. Selective democracy occurs when those who attain success protect their gains at the expense of others. Unenlightened self-interest is characterized by prioritizing materialism over intellectual and spiritual values. Self-gratification dominates, and adversarial relationships replace collaboration.

Boards are fundamental to democracy. Like democracy itself, boards are difficult and complex, but the rewards are more than worth the struggles. If nonprofit boards and staff understand and embrace this fact and work together, they can learn much from Conrad's book, and we will end up with more effective boards, more successful organizations, and a stronger democracy. ■

Terrence Fernsler is the individual-giving officer for the Olympic Park Institute in Seattle and lives in Elma, Washington.



Nonprofit *briefs*

Creating Teams that Win

You create a winning team only when you foster that team. That means listening to all team members and using their best ideas to get the entire team to succeed. Here's how you get individuals to contribute to and think in the collective:

- **A good fit works both ways.** Finding an employee who will fit into the organization is important. But you have to be willing to try different approaches that a newcomer may bring. Even if the approach doesn't work in the end, at least you gave it a fair chance — and you have an employee who knows you listen.
- **Reward the team, not the stars.** There are few star employees who can lift an entire team to success. That's why it's important to emphasize and reward team efforts rather than individual efforts. Do you reward people for passing on leads to one another? Do you reward them for pitching in when someone is sick?
- **Groom people to take over your job.** When you hire people from the outside, it can give employees the message, "We hire talent that you don't have." While a great hire will eventually win over the team, some resentment may linger. If you aren't hiring from within, look at how you may have failed to groom people for higher positions. Are you giving employees increasing levels of responsibility? Are they coached to overcome their weaknesses? □

—adapted from The Edmonton Sun

Nonprofit Governance Library

7 x 10 • Paperback • Product Code: 5070392P • \$109.95 (Regular price); \$89.95 (Section member price)



This *Library*, consisting of five publications, are described as follows:

The ABCs of Nonprofits

By Lisa A. Runquist

Written for practitioners and nonprofit corporations, this concise guidebook offers a basic introduction to what is a nonprofit corporation and how it is formed; options for organizational structure; operating the corporation; tax exemptions; directors' responsibilities; and much more. This title is written as an example of a practitioner advising a client on the necessary steps to starting a new nonprofit organization. A related bibliography is included plus a sample form for an organization addressing a policy on "conflict of interest."

2005 • 122 pages • 7 x 10 • Paperback

Guidebook for Directors of Nonprofit Corporations, Second Edition

By the Committee on Nonprofit Corporations

The *Guidebook*, written in plain-English commentary, addresses general legal principles and corporate governance issues to provide nonprofit directors with a comprehensive understanding of their roles. The new *Second Edition* adds full-length chapters covering today's political and legal environment for nonprofits; tax ramifications of for-profit and joint ventures; employee relationships, laws, and policies; and much more.

2002 • 278 pages • 7 x 10 • Paperback

Nonprofit Governance and Management

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

Co-published by the American Society of Corporate Secretaries

This updated edition of *Nonprofit Governance—The Executive's Guide* expands the scope of its popular predecessor to address issues relevant to both directors and managers of nonprofits. This new edition offers step-by-step guidelines, sample forms and letters, handy checklists and pointers to additional resources. Its 45 chapters cover topics such as accounting, board and committee operations, grant writing, Internet laws, liability, membership, and much more.

2002 • 744 pages • 7 x 10 • Paperback

Guide to Nonprofit Corporate Governance in the Wake of Sarbanes-Oxley

By the ABA Coordinating Committee on Nonprofit Governance

Written for directors of nonprofit organizations and practitioners, this guidebook provides a complete overview of the major reforms enacted or triggered by the Sarbanes-Oxley Act, including governance reforms promulgated by the SEC and the Stock Exchanges. Also, included are 10 key governance principles derived from such reforms, and discusses the potential challenges and benefits of applying such principles in the nonprofit context.

2005 • 49 pages • 6 x 9 • Paperback

Nonprofit Resources, Second Edition: A Companion to Nonprofit Governance

Edited by Victor Futter and Lisa A. Runquist

Save hours of research time and effort with this easy access tool! This new *Second Edition* contains hundreds of helpful up-to-date listings of books, handbooks, professionals' journals, government publications, foundation reports, case and statutory citations, and Internet sites. Each entry includes complete bibliographic details to guide you straight to the information you need. Entries are arranged by topic for a quick, convenient look-up.

Published in conjunction with the American Society of Corporate Secretaries
2007 • 149 pages • 7 x 10 • Paperback

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