

NONPROFIT

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The Society for Nonprofit Organizations
Purpose

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

feature story



When times are tough, sometimes what's needed is a complete turnaround. At other times, you can reinvigorate a failing organization with some simple remedies. In the article beginning on page 12, Robert Katz shares secrets he's learned as an expert in helping organizations turn themselves around and tune themselves up.



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 44173, Madison, WI 53744-4173 or muehrcke@charter.net or jill@snpo.org.



Small is Beautiful



“When it rains, turn off the sprinkler system.”

How do you get your best ideas — the ones that make your organization smarter and more effective?

Such ideas rarely arrive as huge “aha” epiphanies. Rather, they’re small but highly practical ideas you can put to use right away. And the best way to get such ideas? Ask your employees.

Performance-improving ideas come from detailed knowledge of day-to-day events, and that’s just what your employees possess, as Alan Robinson and Dean Schroeder explain in *Ideas Are Free* (Berrett-Koehler Publishers, www.berrett-koehler.com). Ideas begin, they say, when

someone becomes aware of a problem or opportunity, however small. Every day, regular employees, the people who do the office work and serve the customers, come up with good ideas about how to address those problems and opportunities.

How can you make sure you gain the benefit of your employees’ wisdom? Unless you create a system to draw those ideas out, they’re likely to stay locked behind shyness, fear of authority, and backlogged to-do lists, suggests John Sweeney in *Innovation at the Speed of Laughter* (Aerialist Press, www.aerialistpress.com). For ways to put an idea-creating process in place, see “Five Secrets to World-Class Idea Generation” on page 30.

In *Ideas Are Free*, Robinson and Schroeder describe how they set up an idea system for a cranberry grower. Cranberry production is water-intensive, and pumping large volumes of water is extremely costly. At a time when cranberry prices were plummeting, managers were desperate for ways to save money. One of the first employee ideas that came in was simple yet brilliant: “When it rains, turn off the sprinkler system.”

You may be tempted to dismiss such small, focused

ideas as band-aid solutions. But as Malcolm Gladwell reminds us in *The Tipping Point* (www.timewarner.com), band-aid solutions are actually the best kind, for they solve problems with a minimum of effort, time, and cost. Just think how inexpensive yet useful a band-aid is. For more such ways to make a lot out of a little, see “25 Ways to Cut Costs” on page 19, “Creative Fundraising Ideas” on page 11, and “When It’s Time for a Turnaround” on page 12.

Even the biggest insight usually begins as a series of small ideas, just as the most powerful vision is simple, grounded, and specific. It’s a matter of seeing what no one else sees, then sticking to it with day-by-day determination, as Paul Lemberg points out in “Will and Vision” on page 14.

Making a vision come true involves changing things an iota at a time. That means paying attention to such seemingly insignificant details as the type of stationery you choose or the way you thank a donor (see “Is It O.K. to Design Unique Stationery for Holiday Fundraising?” on page 7 and “How to Energize Your Thank-You Letter” on page 10). It means celebrating each success – the everyday ones as well as the milestones (check out “Five Project Management Myths” on page 22). It may mean taking a few minutes each day to check in with your employees (as noted in “Are Your Employees Happy at Work?” on page 31) and to align your perspective, as Erica Oliver urges us in her inspiring book *Three Good Things* (turn to “The Power of Perspective” on page 30).

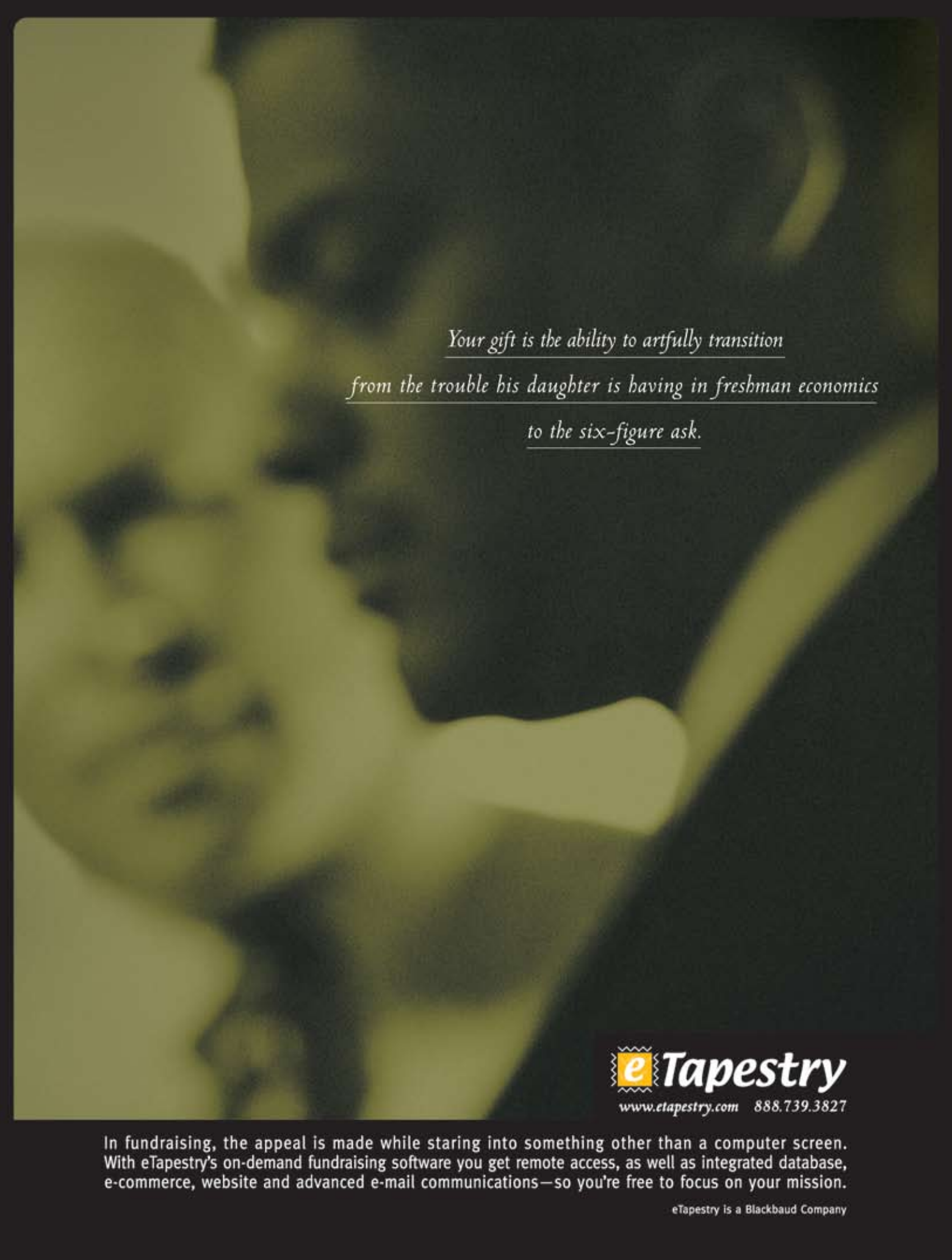
Seeing possibilities requires a very specific way of looking at things. Begin with the list of things to do in “Guerrilla Tactics” on page 31 and “Five Things to Do Next Monday” below. It may seem like a small start. But if you make little changes every day, big things will happen.

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. Check whether you’re guilty** of practices that lead to any of the “Top 10 Reasons Why Donors Stop Giving” on pages 24-25. If so, focus on Internet-based ways to improve your donor relations.
- 2. Use the article** on pages 14-15 to make sure your vision is as compelling as possible. Finetune your vision by reading the resources on page 15.
- 3. Commit yourself to implementing** a few of the budgeting ideas on page 19 and under “Start Thinking Out of the Box” on page 12.
- 4. Take a close look** at the 10 thank-you-letter tips on pages 10-11. If you’re not following all 10, resolve to do so.
- 5. Find free legal help** using the advice on pages 26-28.



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Solutions, Not Problems

Just wanted to tell you how helpful *Nonprofit World* has been to me in my work as a board member on several nonprofit boards. What I love about the magazine is that it's full of solutions rather than just driving readers crazy by pointing out all the problems.

Sometimes the solutions you offer are for problems I didn't even know we had! I hadn't realized the vital nature of diversity on a board till I read "Tools for Improving Your Board's Diversity" (Vol. 25, No. 5) and looked at the articles on creating a diverse, dynamic board available from your Web site. (By the way, this collection of useful articles from past issues of *Nonprofit World* is a true treasure!)

The matrix provided in the diversity article is a work of genius. It makes clear how crucial it is to improve skills in the board as a whole and avoid "tokenism." The article and matrix gave us a clear-cut, specific, results-oriented procedure to follow, and I am certain this new approach will increase our effectiveness.

Likewise, the article on defining exactly who is most needed on a board ("Defining Your Board's Needs," Vol. 26, No. 1) was both practical and inspirational. Most of all, it helped me make the case I've tried to make before – that we can't simply ask for ideas about who should be on the board and then invite those people to join. That has proven to be a roadmap to disaster.

Instead, we need to make a strategic search, being just as conscientious as if we were hiring employees for the organization. Many of the criteria noted in your article, such as the importance of an organization's life cycle in choosing board members, gave me food for thought. And the advice on pinpointing expectations, especially how much fundraising each board member needs to do, will make a huge difference for us in the future. Having this article as a blueprint in choosing future board members will make our work easier and more successful. (And, once again, the resource list accompanying the article is a goldmine, too.)

Thank you, *Nonprofit World!* ■

*Mark Peters
Chicago, Illinois*

Timeless Volunteer Aid

I would like permission to use the following article: "What Makes Groups Work?" by Lucy D. Freedman, from your July-August 1983 issue. Yes, that's 1983! I've kept all my old copies!

One of our members requested information on working with volunteers in groups. Surprisingly, when I did

some searching, there was very little in print on this subject (would have thought it was ubiquitous, no?). That's what brought me to the Freedman article from 1983, which is basically timeless. It's always nice to see that some things live on and on and on.....! ■

*Susan J. Ellis, President, Energize, Inc.
Philadelphia, Pennsylvania*

Fan Club

I wanted to drop you a quick message to let you know that I received a copy of *Nonprofit World* this past weekend at a training on marketing and communications for nonprofits, facilitated by Ms. Erika Oliver. She is a huge fan of yours, and I can see why.

What a great publication! I have sent my registration today for a membership to the Society for Nonprofit Organizations. I am so pleased that Ms. Oliver provided me with my first exposure to your great materials, and am looking forward to my membership benefits and to regularly receiving the publication. Thank you! ■

*Mary Lynn Falbe, Executive Director
Domestic And Sexual Abuse Services
Three Rivers, Michigan*

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 44173, Madison, Wisconsin 53744-4173.

E-mail to: muehrcke@charter.net or jill@snpo.org



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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Embedded-Giving Law Gains Support

EEmbedded giving (also known as cause-related marketing), the strategy of embedding a donation to charity into retail purchases, has gained the attention of Congress. Robert Menendez, Democratic Senator of New Jersey (www.menendez.senate.gov/newsroom), is championing legislation to ensure nonprofits receive the money due them from embedded giving. The new law would require retailers to disclose exactly how much money they give to their nonprofit partner. For more on embedded giving, see these *Nonprofit World* articles at www.snpo.org: “Making the Business-Nonprofit Partnership a Win-Win” (Vol. 22, No. 1) and “Enlightened Self-Interest: Selling Business on the Benefits of Cause-Related Marketing” (Vol. 15, No. 4) ■

Nonprofits Can Mention Candidates

Anew rule lets nonprofits mention federal candidates in ads they run for or against issues during election periods if they disclose the ads’ funding sources. For more information on the regulation as approved by the Federal Election Commission, visit www.fec.gov. ■

Watch Out for Identity Thieves Online

If you receive a small donation online, be sure it isn’t a thief testing a stolen identity. Scammers like to make tiny purchases to be sure a stolen credit card is valid. Since credit card companies have gotten wise to the practice and now program their systems to watch out for very small purchases, thieves are turning to nonprofit Web sites to test stolen credit cards. If you let donors use credit cards on your site, take special care to look for unusually small donations.

For more information, check out the Better Business Bureau (www.bbb.org) and these *Nonprofit World* articles at www.snpo.org: “Workplace Identity Theft” (Vol. 25, No. 5), “Fraud: Discovery and Action” (Vol. 25, No. 5), and “Common-Sense Approaches to Fraud Awareness, Prevention, and Detection” (Vol. 15, No. 4). ■

Nine Steps to Prevent Fraud

The American Institute of Certified Public Accountants (AICPA) offers steps to avoid fraud and keep your organization out of court:

1. Create an employee manual with clear standards. If someone is dismissed and you find yourself in court, the manual will explain what actions warrant dismissal.

2. Before hiring anyone, perform background checks that include employment, credit, licensing, and criminal history. For example, be wary of hiring a bookkeeper with bad credit because financial problems can turn an otherwise honest person into a thief.

3. Scrutinize checks made out to “cash” or to suppliers you don’t recognize. Look up checks, and don’t distribute keys.

4. Review payroll checks to assure employees are being paid appropriately, especially if you employ temporary or part-time staff.

5. Segregate duties. The person who has custody of checks shouldn’t have authority to sign. The person opening the mail shouldn’t record receivables or reconcile accounts.

6. Consider receiving bank statements and other sensitive documents at a post office box to lessen the chance of someone intercepting the mail to steal or cover up an earlier theft.

7. Arrange for an independent review of account reconciliations and general ledger balances by someone removed from day-to-day transactions. Spot checks by CPAs or others outside your organization help ensure nothing is amiss.

8. Perform annual audits. Regular audits motivate staff to keep things honest because they can’t be sure what questions auditors will ask or what documents they’ll review.

9. Do additional research. Check out www.AICPA.org for tools to prevent fraud. Also see these *Nonprofit World* articles at www.snpo.org: “Fraud: Discovery and Action” (Vol. 25, No. 5), “The Audit Committee: Why You Need One, How to Form One” (Vol. 6, No. 6), and “Setting Up a Control System for Your Organization” (Vol. 16, No. 3). ■



Is It OK to Design Unique Stationery for Holiday Fundraising?

Which will gain a better result — a letter on special or standard stationery?

Q: When sending direct mail solicitations (especially for Christmas and Mother’s Day), is it better to create a unique stationery design for these mailings or stick to our regular stationery? We’ve always sent direct mail solicitations on stationery designed around a theme, but I’m starting to wonder if that’s confusing our constituency. Samples I see from other organizations are almost always on standard organizational letterhead. What do you think?

This question raises two points.
One is a matter of style.
The other is about branding.

A: Your question raises two points. One is a matter of style. The other is about branding. There’s no doubt that many nonprofits design unique letterheads for appeals, particularly around holidays. As a general rule, I think this is fine — so long as the organization has strong brand identification. I’ve seen fine examples from the Red Cross and the Salvation Army. In those cases, it’s a stylistic question.

Many nonprofits design unique letterheads for appeals, particularly around holidays.

However, there’s also the matter of branding, which is what you’re alluding to when you suggest that your donors might be confused by the changing look of your appeals. In your case — in fact, in the case of the overwhelming majority of nonprofit organizations — it’s safer to stick with the same look and feel, month after month, year in, year out. ■

*Mal Warwick, Chairman
Mal Warwick & Associates
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Editor’s Note: For more on branding, see these Non-profit World articles, available at www.snpo.org: “Brands: They Need to Work Just as Hard as You Do” (Vol. 20, No. 1), “Are You Following the 4 Cs of Branding?” (Vol. 25, No. 3), and “The Nonprofit Branding Exercise” (Vol. 26, No. 1).

Can Property-Use Donors Claim Deductions?

If a family lends out their home for a nonprofit retreat, can they claim a deduction?

The provision of services is not deductible.

Q: Our 501(c)(3) nonprofit organization is holding a retreat for families of individuals with a certain disease. A family with a vacation rental is willing to donate the home for the retreat if they can have a charitable contribution deduction. Will they be able to claim a tax deduction if they provide the house?

A: No. The IRS views the use of property as the provision of a service. The provision of services is not deductible. ■

*Don Kramer
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www.nonprofitissues.com*



I've Been Thinking about ...



Board Governance

Is there an accountability gap in the nonprofit sector? What can you and your board do about it? New research suggests some ideas.

By Martha Golensky

Once again, the American Red Cross is in the news, but for all the wrong reasons. The board has dismissed its latest high-profile CEO, Mark W. Everson, after just six months in office, and this hire was supposed to erase from memory the relatively short tenures of the previous two executives as well as concerns about how core services are being handled (think: its post-Katrina performance and problems in managing the blood supply).

The reason given for Mr. Everson's dismissal was an affair with a subordinate, which, according to a Red Cross statement, "reflected poor judgment on [his] part and diminished his ability to lead the organization in the future." But did

Suspicious minds have to wonder whether the board used the affair as an excuse.

the punishment fit the crime? Suspicious minds, such as mine, have to wonder whether the board used the affair as an excuse to get rid of someone who had started making much needed changes in operations, offering a simple explanation for a more complex discontent with their chief executive.

For over 20 years, I've studied nonprofit leadership and decision-making practices, with an emphasis on the board-executive relationship. In general, I find that boards don't handle the hiring, nurturing, and firing of the CEO very well. Regarding the Red Cross, the

consensus of leading newspapers was that the organization now needed to act quickly to find a new leader to replace Mr. Everson: "Someone like Colin Powell" was one expert's recommendation.

Let me suggest that timeliness and name recognition aren't the main considerations in making such an important decision. My research has identified three principal elements influencing the board-executive relationship:

- **Executive Assets:** the sum total of an individual's professional qualifications and personal attributes

Often it's insufficient board-executive congruence that derails the relationship.

Boards don't handle the hiring, nurturing, and firing of the CEO very well.

- **Board-Executive Congruence:** the fit between the board and CEO regarding management philosophy and leadership style

- **Agency Context:** the composition of the organization's internal and external environment.

In my experience, few boards take all three factors into account. The tendency is to place most of the emphasis on executive assets. Often, however, it's insufficient board-executive congruence that derails the relationship.

I've combined the three key elements into a Power Application Model (PAM). This model posits the following: The success of the board-CEO relationship will be determined by the degree of congruence between the board and executive, coupled with the board's perception of the CEO: Board members must perceive the CEO as strong enough to maximize positive environmental forces and minimize forces threatening the organization's resources.

Succession planning is too crucial to leave to such a hit-or-miss approach.

In nonprofits, a common practice after the incumbent leaves is to look for someone as similar as possible to the former executive (if he or she was perceived to have enhanced the organization) or to seek an entirely different management style (if the organization attributes some setback to the ousted leader). Furthermore, although selecting a CEO is arguably the board's primary responsibility, the process is frequently delegated to an ad hoc committee. The full board may conduct individual interviews only with the final candidates or, even worse, simply ratify the selection committee's decision. Succession planning is too crucial to leave to such a hit-or-miss approach.

My bet is that Red Cross board members never explored their fit with Mr. Everson before hiring him. A simple way to determine fit is to ask candidates during interviews how they would handle hypothetical but typical organizational problems. Then the board can compare candidates' responses to board members' opinions of what the preferred actions would be.

In the wake of the Sarbanes-Oxley Act, it's vital for nonprofit boards to reexamine their roles.

In the wake of the Sarbanes-Oxley Act, it's vital for nonprofit boards to reexamine their roles. Board members must accept the full weight of accountability that goes with the position, especially with respect to selecting and retaining their most important employee. ■

Resources

Koch, Fern, "Building a Strong Board-Exec Relationship," *Nonprofit World*, Vol. 21, No. 4.

Santora, Joseph, "Planning for Leadership Succession: Are You Ready?," *Nonprofit World*, Vol. 22, No. 4.

Smith, James Monroe, "How to Hire the Ideal Executive: Advice to the Board," *Nonprofit World*, Vol. 12, No. 5.

Whitehouse, Sheldon, "The Sarbanes-Oxley Act & Nonprofits: But I Thought That Didn't Apply to Us," *Nonprofit World*, Vol. 22, No. 5.

These resources are available at www.snpo.org.

Martha Golensky, D.S.W. (golenskm@gvsu.edu) is professor of social work at Grand Valley State University in Grand Rapids, Michigan, where for the past 12 years she has taught nonprofit management courses and assisted local nonprofits with strategic planning, financial development, and board governance. Previously, she spent 15 years as a nonprofit executive.

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How to ENERGIZE Your Thank-You LETTER



The thank-you letter should be your first step toward gaining your next gift. Here are 10 ideas to vitalize it.

By Sandy Rees

The thank-you letter is often created without much thought. It may seem routine, the last step in getting a donation. But it's actually the first step in securing the next gift.

Thank-you letters can help you steward your donors and provide another way to communicate with them. Make sure you're getting the most from your thank-you efforts with these ideas:

1. Get the letter out quickly.

The faster you get out your thank-you, the better. Donors want to know you received their gift, and a thank-you letter is the best way to let them know it arrived safely. If possible, let no more than 48 hours go by from the time you receive a gift until you send a letter. If it takes a little longer and that's the best you can do, work with it. Figure out what will work for your organization, and put a priority on getting the letters out the door.

2. Relate your thank-you letter to the ask.

Instead of sending out a generic letter, customize it to the solicitation used to generate the gift. You may need to write several

Tying your thank-you to the appeal lets donors know you're paying attention.

types of letters — one related to your special event, one for monthly givers, and another for donors who respond to your newsletter, for example. If a gift comes in response to a direct-mail package, refer to the story you used in that package. Tying your thank-you to the appeal lets donors know you're paying attention.

3. Use a real signature.

Digital signatures eliminate signing a stack of letters by hand. But technologically-savvy donors know the difference between a digital signature and a live one. Have your president or executive director sign the letters, or ask a volunteer to sign them on behalf of the executive or president. And use a blue pen so that donors can clearly tell it's a real signature.

4. Tell donors what you'll do with their money.

Text such as "Your gift will ensure that 15 children go to summer camp for a week" makes the process of donating more tangible. Donors can envision 15 kids going to camp, and that image creates a feeling of satisfaction.

5. Include year-to-date or lifetime-giving data.

This information can be enlightening, showing donors how their gifts add up over time. Sometimes donors forget when they last gave. Including year-to-date information can be a gentle reminder if they have pledges or commitments to fulfill.

6. Make it clear that the letter is also a receipt.

Don't you hate getting thank-you letters that never spell out the gift you made? (By the way, if you aren't giving to other organizations, you should. It's a great way to put yourself in the donor's shoes and lets you see how other organizations handle the thank-you process.) One way to clarify how much the donor gave is to draw a line on the page below

CREATIVE FUNDRAISING IDEAS

Capitalize on “Dancing with the Stars”

Thanks to the popularity of the TV reality show “Dancing with the Stars,” people are once again interested in traditional dances like the waltz, tango, and quickstep. You can capitalize on the new craze by asking local dance instructors to be part of your fundraising event. In Rockland, Maryland, for instance, the Pen Bay Healthcare Foundation (www.penbayhealthcare.org) invited ballroom-dance instructors to their “Shall We Dance?” gala. Throughout the evening, as the band played, the instructors encouraged guests to dance, held demonstrations, and judged dance contests. As an added benefit, many of the instructors’ students attended the event and enjoyed the chance to showcase their skills on the dance floor.

Create a Unique Catalog

The idea of producing a gift catalog as a fundraiser took off when Chicago’s Beverly Arts Center (www.beverlyartcenter.org) asked its staff of professional artists (painters, dancers, singers, and so on) each to donate something. The result is a unique catalog offering original works of art, performance gifts, and private parties, ranging from under \$30 to over \$4 million. For \$300, for example, you can buy a walk-on role in one of the theater’s productions. For \$500, you can have an original song written and recorded on a CD. For \$4,635,000, you can add your name to the front of the art center building. Not only are the gifts selling well, but the idea has provided great exposure to the art center as people bring the catalog into their homes and share it with friends.

Design a Memorable Home Tour

If you’re considering a tour of homes as a fundraiser, offer an extra something special to make your event stand out. For example, have on-site artists volunteer to give demonstrations. Or have volunteer musicians entertain in the homes, as the Pee Dee Coalition against Domestic & Sexual Assault (www.peedeecoalition.org) of Bennettsville, South Carolina, did. They matched different types of music to individual homes, bringing in a pianist to play in a home with a piano, for example, and a bluegrass band to perform on the front porch of a rural-area home. For more creative fundraising ideas, see “Special Events Galore!”, published monthly for \$79 per year by Stevenson, Inc., www.stevensoninc.com.

the text of the letter, add the gift information, and title this section of the letter “Gift Receipt.”

7. Add a reply envelope. Many donors will keep these envelopes and use them for future gifts. It’s not uncommon to receive thousands of dollars from these “bounce-back” envelopes. Code the envelopes so that you can track the number, size, and amount of donations received using this technique.

8. Offer a guided tour of your facility or program site. Even if donors don’t take you up on this offer, they’ll remember it. You’ll probably get a few people who want to visit you. Seeing your work firsthand can make all the difference in the world to a donor. It can also mean the difference between an average-sized gift and a major gift.

9. Include the name and contact

Seeing your work
firsthand can make all
the difference in the
world to a donor.

information of someone the donor can call with questions. Make sure that person is available. Donors want to be able to talk to a real, live, knowledgeable person when they have questions.

10. Have the president or executive director go through the letters and add personal notes. While it may seem like a chore, the extra time is worth it. Donors who receive a personal note will be thrilled. The small investment of time can bring big rewards in terms of stewarding donors. ■

Resources

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Sandy Rees, CFRE, has worked as a fundraiser for over six years and raised hundreds of thousands of dollars for Second Harvest Food Bank and Knox Area Rescue Ministries before becoming director of development for Joy of Music in Knoxville.

When It's Time for a Turnaround



Follow these steps to transform your organization and ensure a successful future

By Robert D. Katz

Recent times have proven difficult for nonprofit organizations. With contributions down and scrutiny (from board members, contributors, members of the community, politicians) greater than ever before, many nonprofits must face the reality that they have to function more effectively. Operating strategically to generate cash is more critical than ever. That's why more and more nonprofits are asking turnaround firms for financial and management advice, as for-profit firms have done for many years.

What are some of the key issues that nonprofits need to consider? This article takes a look at the more prominent ones.

Start Thinking Out of the Box

Many once-successful, now-struggling organizations have facilities that have become tired, board members who have become complacent, and services that have become bland. Often, these organizations have been devoid of creative

Often, the organization has been devoid of creative leadership for years.

leadership for years.

The solution is to start thinking in different terms. Executives and their boards must do a better job of marketing themselves, generating positive cash flow, and analyzing the repercussions of their expenditures.

If you want to revitalize your organization, you must first restore morale and instill confidence, which typically means doing some or all of the following:

- **Reinvigorate your board.**
- **Renegotiate and extend** your loan agreements to give you time to implement a turnaround plan.
- **Hire** new executives and other key personnel.

- **Develop and implement** profitable programming and operations.
- **Negotiate the sale** of excess assets to generate additional cash flow.
- **Renegotiate agreements** with trade suppliers.
- **Work with the board** to develop capital expenditure plans.

Solidify the Board's Commitment

During difficult times, board members are your best resource. Don't overlook their potential contributions, both financial and operational. You need not only their money but the benefit of the entrepreneurial spirit that made many of them successful.

Let board members know what's needed, how long it will be needed, and when the payback will begin. Give them a reason to support the cause; usually they will.

In a classic example of board members stepping up to the plate, one organization experienced a summer cash flow problem. The

CEO told the board members, "You've given generously of your time and financial support, which we appreciate. We know that most of you make your donations at year end to take advantage of tax benefits, but we could use additional support now." The executive explained how much money was needed, how it would be used, and what the organization was doing to insure that the problem wouldn't happen again. Several follow-up meetings were held with individual board members who wanted a better understanding of the situation. The result: Most of the board members moved up their annual contributions to bridge the seasonal need.

You need the benefit of the entrepreneurial spirit that made your board members successful.

When things are tough, it's critical that board members commit their time and energy. If you don't have enough dedicated people on the board, now's the time to find them.

When dealing with turnaround situations, some board members may want to maintain a low profile. They may have a hard time making tough decisions, such as laying off employees, shutting facilities, or reducing programming.

Yet it's crucial that they come to grips with the issues. If they aren't willing to confront the need for drastic measures and commit themselves to the turnaround, most likely they'll need to be replaced (see Weisman in "Resources").

People Make the Difference

Some people feel that nonprofit organizations need to settle for less than the best and most capable employees because they can't compensate as well as the for-profit

world. Not only is this untrue, but it's an unacceptable attitude. Nonprofits must strive for excellence and expect nothing else. It's important to find people who are the best at what they do. This search for excellence will eventually permeate the organization (see Tobias in "Resources").

The executive director of one successful nonprofit rarely calls in when he travels on business or vacation. His secret, he says, is to hire excellent people, empower them to succeed, and give them the resources, responsibility, and authority to do so. "If the staff can't hold down the fort for a few days while I'm away," he explains, "then I've failed the organization as a leader and I'll need to find that out sooner rather than later, before it really gets tough." Truer words were never spoken.

Coordinate Publicity

Managing communications is vital to your turnaround. Whether the news is good or bad, chances are the local media will find out. Ignoring the media can become one of your worst nightmares. If you don't give reporters your view of the facts, they'll interpret things their way, and you probably won't like the results. Being proactive instead of reactive is always worth it in the long run (see Lauer in "Resources").

Improve Donor Relations

Empowering your donors is critical. Their contributions go way beyond money. Donors can also provide judgment, networking, business savvy, and vision. To make use of all they have to offer, build solid relationships with them and encourage their involvement.

Manage Your Facilities and Programming

Spotless, well-kept facilities and dynamic programming make a difference. Nothing will make as good or quick an impression as pristine venues and first-rate, new programs. Sparkling facilities and exciting offerings give people a sense of pride and a reason to support the organization. On the other hand,

When times are tough, board members are your best resource.

dingy, dirty facilities and third-tier programming turn people off. Nobody likes to be associated with second class.

Know Where You're Going

The key factor that separates success from failure is the ability to answer these questions:

- **Where** are you going?
- **How** are you getting there?
- **Who** can help you get there, and how can you partner with them?
- **Can** you overcome obstacles by planning for the worst and implementing for the best?

Turning an organization around doesn't happen by chance. Many nonprofits need to begin by taking a hard look at themselves. That's the best way to cope with the changing environment and prepare a foundation for future success. ■

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

Robert D. Katz, CPA and Certified Turnaround Professional (215-568-5788, rdkatz@esba.com), is a managing director at Executive Sounding Board Associates, Inc., named one of the top 12 consulting firms in the country for six of the last eight years. He is also chair of the Philadelphia Chapter of the Turnaround Management Association.



Will and Vision:



Keys to Advancing Your Organization

These may be the two most important one-word concepts going. Find out what they can do for your organization.

By Paul Lemberg

Remember Chux — the disposable baby diaper that took the market by storm in 1932?

Of course you don't. Back then, Chux saw its product as a luxury item and happily kept its little throwaway business to itself for almost 40 years. Then Pampers came along in the 1960s, supported by a huge vision, with persistence to match, and blew Chux out of the market — transforming baby rearing forever.

And everyone knows the legend of the two Steves — Jobs and Wozniak — who invented the personal computer in someone's garage. Only they didn't. The Altair MITS came to market long before, in 1975. But Steve Jobs was the one with the vision of a computer on every desk; and Apple II became the first PC hit.

A brilliant book, *Will and Vision* by Gerard Tellis and Peter Golder (McGraw-Hill, www.mcgraw-hill.com), takes the concept of vision and makes it something concrete, demonstrating 66 cases where a powerful vision, combined with

Thank goodness we don't all have to be inventors or originals — only visionaries!

indomitable will, made the ingredients for blockbuster success. And the book's insights have a lot to say to nonprofit leaders.

So what does *Will and Vision* say are the key elements of success?

The authors, academics grounded in research, carefully reviewed the historical record: Vision was the number-one success element.

That's right. Big fat vision — backed by persistence, will, and relentless innovation.

Today's world offers many choices. People who lack vision are apt to drift to the next appealing project as soon as things don't go the way they planned. They lack the persistence to achieve anything important.

But *Will and Vision* offers us a look at a different kind of world. We aren't talking about a "vision" that's sloganized and prettified and pasted on a plaque. We mean the kind of vision that highlights the value of a product or service to many people and ultimately points the way to a new future. And, of course, it requires a 100% commitment to bring it into reality.

Here are a few points about a successful vision taken from the authors' research:

- **The vision must be unique.** Not uniqueness of product per se, but unique in the way your product serves the world.
- **The vision must be simple** and easy to grasp.
- **Seeds of the vision** typically exist in some form in other products or services. (Thank goodness we don't all have to be inventors or originals — only visionaries!)
- **Your vision** may be of something for which there's no market — yet. (This last bit is illuminating

We aren't talking about a "vision" that's sloganized and prettified and pasted on a plaque.

for any of us stuck in market research.)

And some important points regarding will:

- **Reaching your vision** may take a long time. Vision without will won't get you there.
- **A misplaced belief in luck** or other unseen forces hinders our ability to persist. We will find evidence that no such luck exists, and use that as an excuse to quit.
- **Persistence can manifest as a series of minor solutions**, and,

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contrarily, complacency in small successes can be a barrier to innovation that farsighted vision requires.

Some additional tips for long-term success:

- **Maintain a continuous feedback loop**, and solicit others' opinions regarding execution of your vision.
- **Keep a sharp eye** for market changes, and be willing to respond quickly.
- **Paranoia drives innovation.** A healthy fear of competitors sneaking up on you can keep your product or service fresh.

So how compelling is your vision? Is it powerful enough to nourish and sustain you? Is it important enough to mobilize the resources necessary for its realization? Is it sufficiently inspiring to partners and employees and customers and stakeholders?

If not, it may be time to get your vision checked. ■

Resources

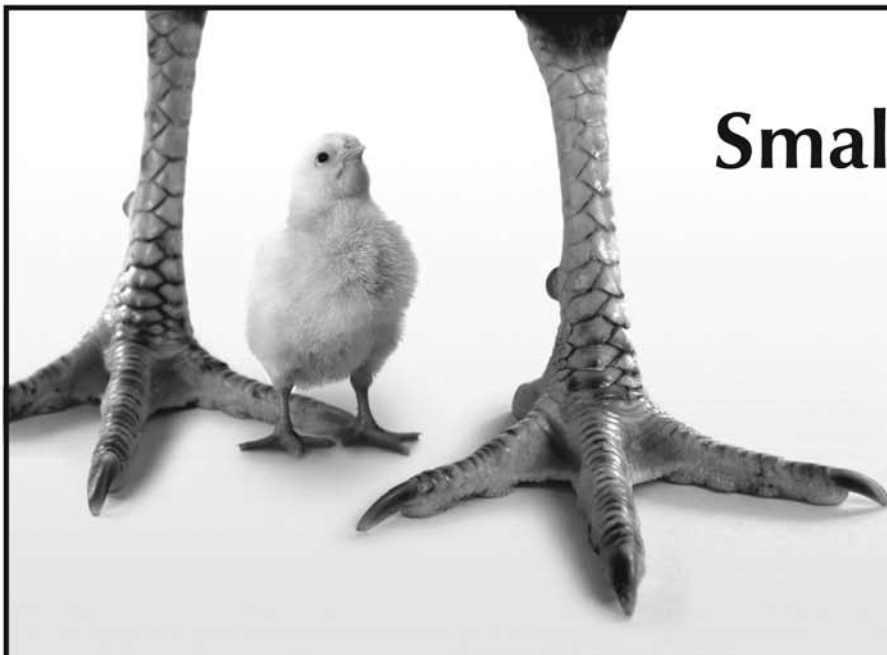
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These resources are available from the Society's Resource Center, www.snpo.org/members.

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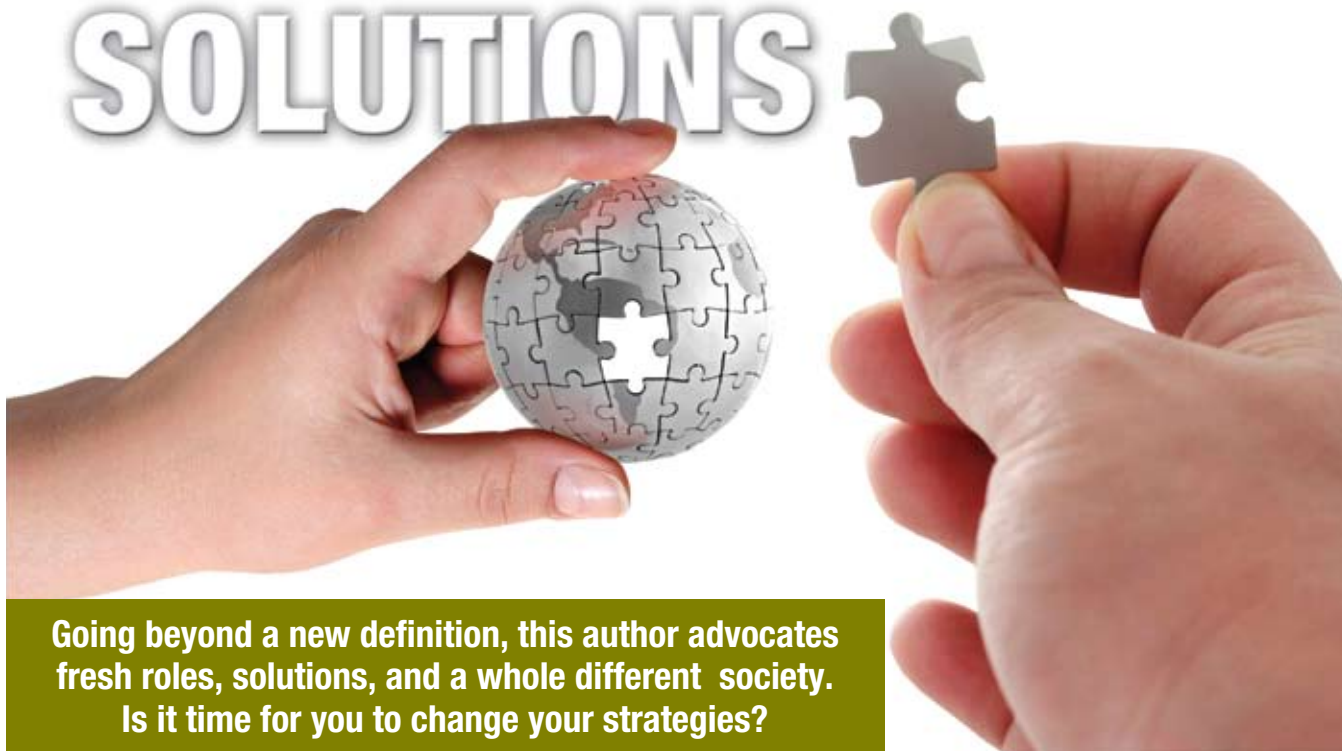


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The Nonprofit Sector Doesn't Exist Or a New Way of Viewing the Social Economy

SOLUTIONS



Going beyond a new definition, this author advocates fresh roles, solutions, and a whole different society. Is it time for you to change your strategies?

By Trish Ruebottom

The nonprofit sector doesn't exist. I don't say this lightly. I work in the nonprofit sector. I believe in the solutions that embody the nonprofit sector's work. But "nonprofit" isn't an entity or an existence: It's one characteristic of a particular type of entity, and it relates to tax law — and that is all.

The Problem

The problem is that "nonprofit" has become a mentality, an identity, and a divider; it separates "us" from "them," "good" from "bad." This disconnect confuses the roles of the for-profit, nonprofit, and government sectors, diminishes

The problem is that "nonprofit" has become a mentality, and identity, and a divider.

responsibility, limits thinking, and blocks information sharing that could be used to solve problems. It allows companies to go about their business without concern for the community in which they operate; it allows government to govern in the best interest of those other than its people; and it lets charities operate without considering value or innovation.

The state of the world is our common challenge, and we need to work together, learn from each other, and be accountable to communities and the people who live in them. Community problems require new solutions, which can be forged only when every part of society works together. Businesses must be aware of their impact on the world; nonprofits must use knowledge from the for-profit sector to increase effectiveness; and government must focus on serving the people, not either of the other two sectors.

A few years ago, the social economy (or social enterprise) movement was heralded as a first

step toward integrating the three sectors. It began as a few innovative nonprofits launching revenue-generating solutions, combining social purpose with business sense and market activity.¹ But the movement is currently in danger of segregating itself to the point of stagnation, ignoring the deeper point that *all* players should be continuously learning from each other, thinking beyond their sector to serve their communities. The social economy has stopped being a connection between sectors and has instead become its own sector, the “fourth sector.”

Profit can help people;
it can accomplish things
that can get done
no other way.

Scanning the Internet, you’ll find many articles that seek to further define this new sector. One definition, for example, states that social enterprises “have a social purpose, engage in trade, have no private profit distribution, hold assets for community benefit, have democratic structures, and [are] accountable to stakeholders.”² Nonprofits are described, in contrast, as “occupying a distinctive social space outside of both the market and the state.”³

The new practices of the social economy are often described negatively with words such as “a blurring of boundaries” leading to “tension” and “confusion” of expectations.⁴ Defining the social economy as its own sector minimized these concerns. There is legitimacy in definition; there is comfort.

But the problems aren’t comfortable. And so the solutions cannot

Use the tools of
all sectors.

The first step is to find
and build on the networks
that exist around you.

be either. The problems are ingrained in the mainstream, and so the solutions must be found in the re-imagining of the mainstream.

As Jed Emerson points out: “Over the past years, there has been a great deal of debate regarding whether nonprofit organizations should engage in revenue generation and corporations be held responsible for social performance. And there are those other discussions about whether a grant can be thought of as an investment and if the nonprofit sector [is] a capital market or just a charitable mess Value is non-divisible. It is Whole. You cannot put social value with nonprofits and economic value with for-profits and pretend that somehow that makes sense.”⁵

The social economy as
it stands now is not
the solution.

The Solution

The social economy as it stands now is not the solution. But it could be. The social economy must stop narrowing its own definition and be thought of in an entirely new light. It must be seen for what it could be — not a sector but much larger. It must *be* the mainstream, the society in which we all operate, the economy that provides us with the goods and services we want and need. The social economy must be the subjugation of all activities (for-profit, not-for-profit, or anywhere in between) to the social good.

By broadening our definition of the social economy, and subjugating companies and organizations, we now have a lens through which to consider our communities and our activities within those communities. Even business was created for a social purpose: Business was granted its “personhood” by the

people to perform tasks and take responsibilities for roles which the people couldn’t perform on their own. And profit was the incentive for investment to create things bigger than ourselves.

The authors of *Open Boundaries: Creating Business Innovation Through Complexity* put it this way: “The meaningful question — it may be the only question that can be asked of any business in terms of the possible existence of that business in society — is, What does that business contribute, and what is the form of the contribution to the social system as a whole?”⁶

The social economy has
become its own sector,
the “fourth sector.”

Is this question any different from what you expect of nonprofit organizations? By removing the very terms “nonprofit” and “for-profit,” we bring together the value of each of the sectors; we facilitate sharing, broaden our thinking, and clarify our role in serving the community. But doing so requires shedding the identity that “non-profit” has become and stepping out of the shadows into the mainstream.

This view emphasizes the interconnections of all the pieces that make up our society, the interactions of each “sector” with each other “sector” and the sectors with the people. We need to move all three sectors back to where they came from, back into the communities they serve.

If an entity isn’t serving the people, who is it serving? And why do the people allow it to continue? This is not a neo-Marxist attempt to rid us of capitalism. Profit does serve the people — and in some cases, serves the people better than the nonprofit or government sectors. It’s a matter of defining your business idea, be it “save the world” or “make a better widget,”

continued on page 18

and then choosing the capital structure that allows you to best achieve this goal from within a continuum of possible structures.

How We Do It

Here are three actions we can take to integrate sectors:

1. Redefine Ourselves. We must let go of the identities in which we have so much pride. It's a change of mindset; we must redefine ourselves under the broad umbrella of the social economy side by side with for-profit companies. Examine your current assumptions that come from the nonprofit identity. What happens if you're no longer a "nonprofit"?

Form follows function: Determine your business idea, and then choose the ideal mechanism to reach your goals. This may mean that you find yourself in a for-profit company trying to save the world. And it may mean that to make a better widget, you employ marginalized people and operate as a nonprofit. Either path is ok.

The world cannot be changed from the sidelines.

2. Clarify Roles and Responsibilities. All three "sectors" need to be granted legitimacy from the community. We must look to the people to confirm our right to exist. Profit can help people; it can accomplish things that can get done no other way. When profit can't help people, other methods are required. These trade-offs should be measured by the impact on people. Of course there will be conflict in defining which benefits supersede others and whose rights take precedence, but asking questions about roles is the way to begin the conversation, and the people are the right ones to answer these questions.⁷

When we clearly identify roles, we bring corporate social responsibility,

Attend a conference on supply chain management for the manufacturing industry, and then bring the ideas to the social enterprise conference.

the financial pressures of nonprofits, the good done by companies, and the wrong done by nonprofits out of the shadows and into the mainstream. We thus ensure that decisions about the right to exist and operate in the economy are based on a new economic goal: for the purpose of bettering society. This is the only way to truly change the world. The world cannot be changed from the sidelines, just as a game cannot be won from the benches.

3. Build New Networks. Once the borders have been removed, we must create new networks, focusing on the interdependence of all entities. When our identities aren't rooted in our "nonprofit" label, we can share more openly and without guilt, borrowing best practices and innovations wherever they may be found. Such an approach increases our alternatives.

The first step is to find and build on the networks that exist around you. There are formal and informal networks in and outside your organization and your industry. Tap into them all. Contribute to the conversation. Share best practices, lessons learned, stories, perspectives, ideas, resources. Even share with the for-profits. Connect to all parts of your community's system; engage both minority interests and the majority; and use the tools of all sectors. Opportunities come when you are open to possibility. Learn to listen.

After you've tapped into your existing networks, spread out to find different perspectives that will

lead to further innovations. Diverse networks and different perspectives will drive creativity and solve the world's unsolvable problems.

Look to your vision for the community. Who else shares this vision? These are your partners, formal or informal, acknowledged or not.

Work across sectors. Involve different stakeholder groups. Access trade associations and think tanks. And talk to your community. Build relationships with all those who have opinions on issues relevant to achieving your vision. Read *The Economist* and *Stanford Social Innovation Review*. Attend a conference on supply chain management for the manufacturing industry, and then bring the ideas to the social enterprise conference. Be open. Tell people the nonprofit sector doesn't exist. ■

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Trish Ruebottom is executive director of the World Fellowship for Schizophrenia and Allied Disorders, 124 Merton Street, Suite 507, Toronto, Ontario M4S 2Z2 Canada, trish@world-schizophrenia.org, www.world-schizophrenia.org.

25 Ways to Cut Costs

How many do you use?

Boost your budget with these suggestions:

1. Every year, review what you pay for insurance. Get new bids and explore new options at least every three years.

2. Reduce paper weight whenever possible when printing and mailing. Paper can cost up to 30% of your printing job, so using inexpensive paper is a good way to stretch your budget. Using lower-weight paper will also reduce your postage costs.

3. Make maximum use of your board of directors. Be sure they help not only to raise money but also to save it. Ask them to use their contacts to find people willing to donate the goods and services you need or to sponsor your projects.

4. Ask local businesses if you can include your fundraising appeals in their mailings.

5. Make sure the sheets you fax are simple, without fancy borders or graphics, to cut down on transmission time. Send long-distance faxes when rates are lower, such as after 6 p.m. or on weekends.

6. Create an organizational wish list to encourage in-kind donations from companies.

7. Consider hiring high school students for short-term projects. Also look into cooperating with a high school for service projects, in which students work for you in return for school credit. (See Bowman in "Resources".)

8. Scan newspapers for information about corporations. Use what you learn to target prospects for corporate philanthropy, including in-kind giving. A business that's about to move may donate office equipment and furniture. A company that's getting bad press may want to prove its good citizenship by partnering with a nonprofit.

9. Look into fax-on-demand services to save time and money. Those requesting information will receive

it instantly without interrupting employees.

10. Ask your employees to answer these questions: "What could we do to reduce costs?" "What one thing should we cease doing?"

11. Use marketing departments at local colleges and universities to help you conduct market research. Use computer departments to help you create a Web site.

12. Get bids on all your printing jobs. Be flexible in your timing to get the best prices from printers.

13. Instead of cash, reward deserving employees with such bonuses as a day off or a longer lunch hour for a week.

14. Contact your nearest college or university, and let them know you're interested in an intern. Interns are available in almost all departments, usually at no charge or a very nominal fee.

15. Fax or e-mail your newsletters and fact sheets rather than printing and mailing them.

16. Adopt teamwork, cooperation, and collaboration approaches. Team with other organizations to purchase supplies and insurance. Share offices and equipment. Hold joint meetings and programs.

17. Try low-cost marketing and public-relations techniques, such as writing letters to the editor or guest columns in your newspaper. Check with local ad agencies to see if they will give you free billboard space or create public service announcements for you.

18. Use videoconferencing or teleconferencing instead of flying in candidates for interviews or out-of-town board members for meetings.

19. Make good use of volunteers. They can handle all kinds of jobs, including management positions, if you hire and match them carefully. Many retired managers, for example,

are happy to donate their time and skills.

20. Save energy by setting back temperatures during unoccupied times, turning off lights and equipment when unused, and installing efficient lighting. Make sure all employees are aware of the importance of saving energy.

21. Use postcards to cut your mailing and paper costs.

22. To lower the cost of training new people, use videotapes and books, and give each new person a mentor to help pave the way.

23. Remove old names from mailing lists. It's not cost-effective to keep mailing to people who have moved.

24. Use creative employment practices, such as letting employees share jobs, work from home, or work part-time. Consider hiring a consultant or freelancer rather than a full-time employee.

25. For each activity performed in your organization, ask: What would happen if we stopped doing it? Are the consequences worth the cost of continuing it? Does the reason we started the activity still make sense? Can someone else perform this activity at less cost? ■

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



The Board-Savvy CEO



Is your CEO a board-astute leader? Here's how to tell.

By Doug Eadie

When a nonprofit board chooses its CEO, it's also choosing the captain of its strategic governing team. This all-important team is made up of the board, CEO, and senior executives who work with the board. Your board is obviously the most senior member of the strategic governing team - the ultimate authority, judge, and decision maker. However, the CEO has to wear the team captain hat if you want the strategic governing team to be healthy, cohesive, and productive.

The reason is simple: time. No matter how capable and dedicated board members are, they're usually part-time, unpaid volunteers. They have enough trouble coming up with the time to attend board and committee meetings, much less to attend public functions, speak in appropriate forums, and raise money. Only the CEO has the time (including senior staff's) to plan for,

When a nonprofit board chooses its CEO, it's also choosing the captain of its strategic governing team.

manage, and support the strategic governing team.

Behind every high-impact board is a board-savvy CEO, who is able to do the following:

1. Welcome and celebrate strong board leadership and a close board-CEO partnership.

You can spot board-savvy and un-savvy CEOs just by listening to them talk about their boards and the governing process. Let's see if you can tell the difference:

CEO A: You know, I stay out of the board's business – policy

making – and I expect them to stay out of my mine – executive management and administration. I'm always aware of the danger that they'll become micromanagers rather than the governors they're supposed to be, so I make sure I bring them finished staff recommendations and keep them from digging too deeply in the details. You might call me a kind of border patrol officer, always on the alert to keep them from crossing over into my territory.

CEO B: One of my most important CEO jobs is to make sure the board is fully deployed on behalf of my organization. I see myself as the board's partner, sharing the work of governing. Of course, there must be some division of labor in areas such as planning, but, frankly, you can't draw a line with policy-making on one side and management on the other.

I've got to be an active participant in the job of governing, helping board members make effective decisions and making sure they find their work satisfying.

I assume you chose CEO B as the board-savvier of the two. CEOs like CEO B know that partnership is the name of the governing game. They see the board as a precious asset, consisting of the knowledge, perspectives, and connections that board members bring to the board room.

2. Devote a healthy dollop of time to the governing function.

Board-savvy CEOs see governing as a top CEO priority. They spend 20-25% of their time working on governing matters: developing agendas for committee and board meetings; chairing executive-team meetings dedicated to board

You can spot board-savvy and un-savvy CEOs just by listening to them talk.

agenda development; ensuring that materials going to the board are high-quality; formally and informally communicating with board members on a regular basis.

3. Help the board build its governing capacity.

Board-savvy CEOs take the trouble to become experts in the rapidly developing field of nonprofit governance, regularly reading periodicals and books on board leadership and attending educational sessions at conferences. They set clear goals for strengthening the board, fashion strategies to accomplish these goals, and rigorously monitor progress in carrying out the strategies. They become chief board developers — clarifying the board's governing role, fine-tuning the board's governing structure, and mapping out processes for involving the board in such critical governing

Board-savvy CEOs take the trouble to become experts in the rapidly developing field of nonprofit governance.

functions as strategic planning and performance monitoring.

When serious board development occurs, it's almost always driven by a board-savvy CEO who knows how to do the following:

- Take the lead in getting board members interested in — and committed to — developing the board's governing capacity (by, for example, sharing articles on governance with board members and encouraging board members to attend sessions on governance at national and state conferences).

- Convince the board to participate in board development processes such as governance retreats and task forces.

- Keep up to date in the field of nonprofit governance to help the board make well-informed decisions.

- Ensure that the board development process is successful by providing strong support, both during the process and in implementing the recommendations coming out of it. For example, if a board's governance task force recommends that the board adopt governing targets and monitor its own performance, the board-savvy CEO will ensure that the targets get set and the monitoring process is established.

4. Pay close attention to the psychological and emotional facet of the CEO-board relationship.

Board members tend to be ambitious, hard-driving individuals who can be impatient and at times imperious. They come to the boardroom with high expectations and don't suffer disappointment well. When you add to the mix a changing, challenging world, you can see why the board-CEO bond tends to fray if not carefully nurtured.

Board savvy CEOs employ two simple but effective strategies to

keep their partnership with the board healthy:

- They take advantage of opportunities to provide board members with ego satisfaction. For example, they turn speaking invitations over to board members and involve board members in meetings with key stakeholders, including the media. They make sure board members are publicly recognized for their efforts — say, in the monthly newsletter.

- Board-savvy CEOs are always on the lookout for ways to foster feelings of ownership among board members. One of the most effective strategies is to design early board input into the planning process. This is the polar opposite of the old-fashioned approach of just presenting the board with a finished plan at the tail-end of the process, turning board members into a passive audience. The board-savvy CEO is constantly looking for practical ways to turn board members into passionate owners of their governing work. ■

Resources

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Eadie, Doug, "Boards Can't Go It Alone: Forging the Board-Executive Partnership," *Nonprofit World*, Vol. 14, No. 2.

Houle, Cyril, "How Effective Is Your Board? A Rating Scale," *Nonprofit World*, Vol. 8, No. 5.

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

This article is adapted from Doug Eadie's newest book, Meeting the Governing Challenge (Governance Edge, 2007). Doug (Doug@DougEadie.com, 800-209-7652) is president & CEO of Doug Eadie & Company (www.DougEadie.com), a firm specializing in building high-impact board-CEO partnerships.



Five Project-Management Myths

Here's how to dodge some common barriers to getting things done.

By Michelle LaBrosse

Project management — the art of getting things done as effectively and efficiently as possible — is the place where strategy jumps off the page and into human hearts and hands. But, powerful as project management is, we can sometimes get tangled up in myths about saving time and money that can end up thwarting our success. Here are five such myths and tips on how to avoid them.

People need to see, hear, smell, and taste success.

Myth #1: We don't have time to backtrack

Let's face it, things happen. People change their minds about what they want, new threats and opportunities arise, and new priorities surface. Such changes can make your project's original goal obsolete. Don't fall into the trap of forging ahead without developing a new plan. It's better to spend half a day relaunching your project than to end up with something no one wants or to work with inadequate resources.

Make your project plan a vibrant, living document that's written knowing there will be changes. Make it something that everyone understands and feels a part of. When you write a plan and simply file it, it doesn't breathe and nurture communication throughout the project.

Myth #2: Working well together is fluff stuff

The bad news: An inability to work together toward a common

Whenever people leave or join a team, it becomes a new team.

goal can mean failure. The good news: You can find the root of the problem and change behavior. Look for these gnarly roots: lack of commitment, lack of interaction, and lack of interest in resolving conflict.

If you lose or gain people during the project, it's important to spend a half hour together developing new team guidelines. Whenever people leave or join a team, it becomes a new team. Recreating your guidelines will facilitate relationships and prevent destructive conflict. Don't let "new" deter you; let new people bring fresh ideas and energy to the project.

Myth #3: Document only what stakeholders want to see

A common mistake is documenting only what you want people to see. You must include the good, bad, and ugly. Project-management standards require a project closeout phase that collects lessons learned and gives your organization powerful knowledge to keep it growing rather than repeating mistakes.

Myth #4: Don't beat a dead horse

When you have success, it's hard to overdo it with communication. People need to see, hear, smell, and taste success. Even small victories have a big impact. It's crucial to communicate the accomplishments of early adopters so people can see how they can be a part of the ongoing triumph.

Myth #5: That'll never fly here

If you foster a culture that shoots down ideas, people will take the

easiest path with the least resistance. The result is mediocrity.

Make sure your organization's environment allows for some blue-sky and offbeat thinking. People need to feel safe sharing even their wildest ideas. That's when the most creative solutions appear.

Reach beyond the myths

The next time you conjure up any of these myths, stop and rethink your approach. You can make changes — big and small — by beginning with your own awareness. Think of project management as a tool that clarifies, illuminates, unifies, and brings you closer to the goal that's just ahead. ■

You must include the good, bad, and ugly.

Resources

Angelica, Marion, "Eight Steps to Managing Conflict," *Nonprofit World*, Vol. 20, No 4.

LaBrosse, Michelle, "How to Get It Done," *Nonprofit World*, Vol. 25, No. 6.

Ray, Darrel, "The Key to Building Productive Teams," *Nonprofit World*, Vol. 21, No. 4

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

Michelle LaBrosse, PMP, is CEO of Cheetah Learning (www.cheetahlearning.com). She holds a B.S. in aerospace engineering and M.S. in mechanical engineering. Based on her accelerated learning and project-management experiences, she has created a very fast way to launch projects called Cheetah Project Management.



Creating Nonprofit Excellence through Capacity Building

Capacity building – what is it really? Are you a capacity builder?

By Tangie Newborn

People's views of capacity building have gone through a transformation. Funders once frowned on it, preferring to fund programs. Yet it's become clear that programs without capacity could result in unsuccessful outcomes. More and more, the trend is toward a focus on building capacity. Recent studies recommend that foundations refocus their support on general operating funds as a strategy for building organizational capacity.¹

How Is It Defined?

Here's how the Alliance for Nonprofit Management defines capacity building:

Building capacity involves a continuum of interventions that assist nonprofits with basic functions (such as financial and human resource management) as well as support for healthy organizational cultures.²

Capacity building refers to an organization's ability to achieve its mission and sustain itself over the long term. Capacity building involves bringing about change and measuring the effectiveness of that change. This effectiveness is often measured by an organization's progress in six key areas:

- governance
- fundraising
- financial management
- program delivery
- administration
- cultural competency.³

These key drivers influence a nonprofit's performance and overall effectiveness, thus leading to greater impact. It's not enough to look at one area. Rather, it's vital to consider all areas holistically.

Capacity building brings about change.

Where Do You Fit?

So, are you a capacity builder? The answer, without a doubt, is yes.

All of us who work in the field of nonprofit management are capacity builders. From the board to the CEO, the program manager to the fundraiser, the grantmaker to the conference manager – we're all in the business of building the capacity of the organizations we serve.

But how successful are you in building capacity? To answer this question, ask yourself: Has the organization embraced change? Is the organization prepared for the future? How will the organization demonstrate accountability and remain sustainable as a result of change? What will be the impact overall?

For many practitioners, the most compelling test is whether the organization and the sector as a whole have become stronger and more effective as a result of their work. Capacity building brings about change.

Much More than a Buzzword

Understanding the importance of capacity building is vital to creating a nonprofit of excellence. This excellence equates to the organization's accountability, sustainability, and impact on the community it serves.

As a capacity builder, you must continuously work toward change. You must evaluate the results of your work on an ongoing basis. And you must educate others on the need to build capacity. These are the keys to nonprofit excellence. ■

Footnotes

¹See, for example, "Report Calls for More General Support from Foundations," *Nonprofit World*, Vol. 25, No. 4, p. 30.

²See *Evaluation of Capacity Building: Lessons from the Field*, Alliance for Nonprofit Management, www.allianceonline.org.

³We can define cultural competency as the ability to work effectively with many different groups and to incorporate diverse cultures productively.

Articles in this department are written by the staff and members of the Alliance for Nonprofit Management (www.allianceonline.org).

Tangie Newborn is executive director of the Alliance for Nonprofit Management (www.allianceonline.org, tangie@allianceonline.org), a professional association that promotes quality in nonprofit capacity building.

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Online Fundraising Success Factors



Don't forget these important measures when assessing online fundraising success. If you do, you may be selling your efforts short.

By Gene Austin

The true value of the Internet for any organization is in creating and sustaining constituent relationships to ensure ongoing support. The best way to do so is to implement an online Constituent Relationship Management (eCRM) strategy to involve constituents — especially donors — in more than one activity so they can support your organization in multiple ways at different times. Consider the following factors when evaluating the overall success of your organization's online fundraising efforts.

Drive Online and Offline Giving

Consumers frequently conduct research online before making a purchase. When deciding where to make actual purchases, however, they tend to follow individual preferences based on convenience, comfort with online transactions, and other factors. Donors, like consumers, make gifts or purchases where they feel most comfortable and, for some donors, that still is

The Internet opens a world of new possibilities for donor relations.

through traditional methods such as direct mail or telephone. Keep in mind that online communications and appeals will likely drive offline donations, and remember to factor that into the assessment of online success.

Increase Donor Lifetime Value

Donors' lifetime value is based on their average gift level, gift frequency, and expected retention rate. Each of these variables depends on the quality of your organization's relationship with donors. Connecting with donors and involving them in additional activities — such as advocacy, volunteering, and sending messages to friends — will help develop stronger

donor relationships.

Research by the Indiana University Center on Philanthropy (published in *FRM Weekly*) suggests how important your communications with donors are. One thousand lapsed donors from nine charities were asked why they discontinued giving. The study yielded the following "Top 10 Reasons Why Donors Stop Giving":

- 10. Charity did not inform donor how contribution was used (1.7 percent)
- 9. Charity asked for an inappropriate donation amount (3.1 percent)
- 8. Charity didn't remind donor to give again (3.3 percent)
- 7. Charity's communications were inappropriate (3.6 percent)
- 6. Death (5.2 percent)
- 5. Donor relocated (6.7 percent)
- 4. Donor still supports charity by other means (6.8 percent)
- 3. No memory of ever supporting charity (11.4 percent)
- 2. No longer able to afford support (22.3 percent)

1. Feeling that other causes were more deserving (26.5 percent)

Most of these reasons for lapsed giving can be attributed to poor donor relationships. Traditional communications such as direct mail and telemarketing focus on solicitation, but the Internet opens a world of new possibilities for donor relations because of the ease and low cost of sending constituents frequent, targeted, and personalized communications. Remember when measuring online success that online communications increase your organization's capacity to build stronger, more personalized relationships. And that often leads to a greater lifetime value for each donor.

Examine all angles of a campaign when determining your success.

Reduce Communication & Fundraising Costs

Paper-based communications such as newsletters, member updates, and program guides are expensive. By moving many of these communications online, you can reduce costs without sacrificing the frequency or quality of communications. While the Internet will never completely replace paper-based communication, e-mail and Web site content are more effective alternatives in some cases — for example, when you want to make urgent appeals based on a current event. Plus, by using the latest online fundraising software, you can prevent information overload for your constituents (and cost overload for your organization) by sending only relevant information based on preferences people indicate through online registration and other means.

Support Major Giving

As donors become more comfortable giving online, you can expect to receive larger transactions over the Internet. You should also consider using the Internet to support traditional major giving efforts. Doing so will let you communicate in a personalized way with large groups of major donors and prospects, resulting in more “marketing coverage” at a reduced overall cost.

Encourage Contributions in Other Areas

Donors and prospects may want to support your organization in ways other than providing financial support. This support can be just as valuable as a direct financial contribution. You can use e-mail and Web site content to encourage constituents to volunteer, participate in advocacy campaigns, attend events, and forward your organization's messages to friends.

Evaluate Broadly

When measuring the success of your online fundraising campaign, keep in mind that there are many ways for a constituent to support your organization in addition to donating. Consider factors such as decreased costs and increased donor lifetime value as well as financial support when gauging online results. Online fundraising yields few results if it's unplanned

Online fundraising yields few results if it's unplanned and separate from an overall fundraising strategy.

and separate from an overall fundraising strategy. Be prepared to examine all angles of a campaign when determining your success. ■

Resources

Atlas, Leonard, “Charity Begins on the Web: Tips to Enhance Online Fundraising,” *Nonprofit World*, Vol. 23, No. 4.

Austin, Gene, “Ten Ways to Raise More Funds Over the Internet,” *Nonprofit World*, Vol. 24, No. 4.

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

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

Gene Austin is CEO of Austin-based Convio, Inc. (www.convio.com), a market-leading provider of software and services to help nonprofits use the Internet for developing strong constituent relationships to drive fundraising, marketing, advocacy and other forms of support. For more information, please visit www.convio.com.

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Where to Find **FREE** **LEGAL** **Assistance**

Use these practical tips to get legal help at no charge.



By Allyn M. O'Connor

Few nonprofit managers have the time or expertise to keep up with their organization's legal needs. Yet most nonprofit budgets aren't sufficient to pay for top-flight legal counsel. That's where pro bono assistance comes in.

Whatever your organization's needs, there's a lawyer somewhere willing to help you pro bono, without payment. You may not even be aware of all the legal advice your organization needs. Here are some of the things a volunteer lawyer can do for you:

- **Draft**, review, and update your governance documents, including bylaws and articles of incorporation.
- **Maintain** your tax-exempt status and keep your filings current.
- **Negotiate** leases, agreements to purchase property, and contracts for goods and services.
- **Minimize** your organization's exposure to risk.
- **Fight** lawsuits against your organization.
- **Report** your fundraising activities to the proper regulatory authorities.
- **Obtain** trademarks and copyrights, and protect your rights to your organization's intellectual property, such as publications,

Most nonprofit budgets aren't sufficient to pay for top-flight legal counsel.

images, logos, and information appearing on Web pages.

- **Train** your board and staff members on legal matters of importance to your organization.
- **Provide** strategic advice, and help with long-term planning.
- **Create** written policies and handbooks.
- **Make sure** you're following laws pertaining to your employees and doing all you can to avoid employee lawsuits.
- **Keep up to date** on risk management techniques, insurance coverage, title records, and the like.
- **Conduct** a legal audit (reviewing documents, policies, and contracts), and provide recommendations.
- **Explain** developments in the law that may affect your organization.

Where to Find Pro Bono Legal Services

Pro bono services for nonprofit organizations can be found almost anywhere. Here are some good sources of free legal help:

1. A transactional pro bono program is an organized program in which volunteer lawyers assist nonprofits with business-related legal matters. Contrast this with a general pro bono program that matches volunteer lawyers with clients needing assistance with family law matters, such as divorce or custody, for instance. A transactional pro bono program is usually privately funded. This means the program hasn't accepted federal or other public funds that restrict the types of clients it assists. Transactional program staff members will evaluate your immediate legal needs, your finances, and other information about your organization. Then they'll match you with someone from a panel of pro bono lawyers that they recruit and maintain.

2. A variation on the transactional program is the staffed program. Unlike a transactional program, a staffed program is funded with federal or other public funds that may place restrictions on the types of clients it assists. Also, rather than matching you from an outside panel of lawyers, a staffed program includes one or more attorneys on staff, who will provide legal services directly to your organization.

3. A third source of free legal assistance is a law school clinic.

The number of law schools offering free legal services to nonprofits is increasing each day. Such clinics are staffed by students in their second or third year of legal studies. All work is supervised by a licensed lawyer. Law school clinics look for nonprofits whose needs are consistent with their mission. One of their main goals is to provide training opportunities for law students.

4. Outside of an organized program or clinic, free legal assistance is available on a less formal basis.

You may seek a referral through a state or local bar association or approach a lawyer or law firm directly.

Why would law firms be motivated to give away free legal services? They have many reasons, including these:

- Many larger firms have signed on to the “Law Firm Pro Bono Challenge,” a standard developed by members of the Pro Bono Institute (www.probonoinst.org). Law firms that sign on to this challenge agree to devote 3 to 5% of billable hours (or 60 to 100 hours per lawyer) annually to pro bono work.

The number of law schools offering free legal services to nonprofits is increasing each day.

- Legal industry publications rank law firms based on their pro bono activities. These rankings are published in *The American Lawyer* magazine, which is widely circulated in the legal community. Law firms compete among themselves for top spots in these rankings.

- Large law firms use pro bono as a tool to attract and retain talented young lawyers. New lawyers look at a firm’s pro bono policies and opportunities for pro bono work when considering employment offers.

Why would law firms and lawyers be motivated to give away free legal services? They have many reasons.

- Firms consider whether a pro bono project will offer training opportunities — that is, whether a new associate will be able to work on matters that provide instruction on basic legal transactions. Firms also consider whether the pro bono job may offer more experienced associates the opportunity to work on a novel or innovative matter.

- The opportunity to do pro bono work leads to greater job satisfaction for lawyers — and higher retention rates at firms offering pro bono opportunities.

- Law firms view pro bono work as an opportunity for associates and partners to become more directly involved in their own communities. Taking on a pro bono matter from a local nonprofit helps build contacts with other organizations in the community. It may also indirectly lead to new business opportunities in the future.

- Law firms appreciate the publicity and other benefits pro bono work may bring. Grateful clients often bring the hard work of pro bono lawyers to light by publicizing these positive experiences. Clients frequently recommend pro bono lawyers and law firms to receive award recognition from local and state bar associations and the American Bar Association.

Lawyers as individuals are also highly motivated to provide free legal services for both personal and professional reasons, such as the following:

- Some lawyers feel a professional obligation to assist those who can’t afford legal help. Others gain a sense of personal satisfaction by providing free legal services, one they don’t always get with their paying clients.

- Many lawyers are subject to disciplinary rules that suggest the

contribution of a certain number of hours of free legal services each year. According to the “Model Rules of Professional Conduct” provided by the American Bar Association (www.abanet.org), lawyers should give at least 50 pro bono hours annually. Some states have additional pro bono goals for lawyers. Pro bono work gives lawyers the chance to proudly report the number of hours they contribute each year.

- A pro bono project can give a lawyer the chance to work on a new type of matter or take on more responsibility.

- For lawyers in medium to large law firms, providing free legal services may satisfy the law firm’s pro bono hour requirement. Increasingly, large and mid-sized firms are adopting formal pro bono policies that support the pro bono activities of the firms’ lawyers.

- Lawyers are interested in building relationships and developing new business. Handling matters for a pro bono client may lead to other, interesting pro bono or paying work.

How to Make Your Case for Free Legal Help

If you use one of the sources described above, you’ll usually have no problem being placed with a volunteer law firm. It’s possible, however, that your organization or its legal needs won’t fit squarely within the criteria used by a program, clinic, or law firm. If that’s the case, you may need to actively market your organization as a pro bono client. Here are selling points to make:

- **Describe your organization’s mission.** If possible, point out the human-service and poverty-alleviation aspects of your mission, and explain how your organization addresses the needs of underserved populations.

- **Outline your budget.** Note that your organization lacks funds for legal services and that paying for such services would deplete the part of your budget dedicated to executing your mission.

continued on page 28

To Learn More

To find a pro bono program that works for you, check out the Business Law Pro Bono Project on the American Bar Association's Center for Pro Bono Web site at <http://www.abanet.org/legalserVICES/probono/businesslaw/home.html>, where you'll find a nationwide directory of transactional pro bono programs and law school clinics. For more information, contact the author by telephone at 312-988-6398 or oconnora@staff.abanet.org. For more advice on legal matters, see these articles at www.snpo.org:

- **The Most Likely Lawsuits—and How to Protect Yourself** (Vol. 19, No. 1)
- **The Need for Anti-Bias Policies** (Vol. 22, No. 5)
- **Is Your Organization Lawsuit-Proof?** (Vol. 20, No. 1)
- **Don't Be Sued for Negligent Hiring** (Vol. 21, No. 3)
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- **To Write or Not to Write: Do You Need a Personnel Handbook?** (Vol. 11, No. 3)
- **Your Duty to Investigate Workplace Complaints** (Vol. 19, No. 3)
- **Beware! File with Care or Face Criminal Prosecution** (Vol. 13, No. 6)
- **Protect Yourself Against Employee Lawsuits** (Vol. 15, No. 2)
- **Four Myths about Attorney-Client Privilege** (Vol. 25, No. 6)

Volunteer lawyers can help train your board and staff members on legal matters of importance to your organization.

- **Summarize your organization's history** and future plans. If you've been in existence for awhile, stress what you've accomplished and how reliable you are. Note other parties who've had positive experiences working with you. If you're a new organization, explain your vision.

- **Enumerate the qualifications** and experience of your board and staff members.

- **Spell out the nature of the legal assistance you're seeking.** If you need help with a routine matter, emphasize the learning opportunity for newer lawyers. If you want assistance with an unusual legal issue, note the chance for a more experienced lawyer to work on something interesting and challenging.

- **Explain your long-term legal needs.** Let the firm know whether you'll be a source of future pro bono work for them.

- **Discuss your experience with the legal community.** Make it clear that you understand the scope and limits of the lawyer-client relationship.

When All Else Fails

Most nonprofit organizations will be able to find free legal assistance through a transactional pro bono program, a staffed program, or a nearby law school clinic. Some nonprofits have established relationships with law firms and lawyers who provide free legal assistance outside of any organized program.

If none of these sources work for you immediately, don't give up. Keep trying, and in the meantime be sure you don't forgo legal assistance on important matters. Find qualified counsel, and use the above arguments to see if the fee can be reduced. In most cases, you'll be able to work out a satisfactory arrangement. If the firm or lawyer has experience working with nonprofit clients (and you should seek out someone who does), they'll understand your budget constraints and be motivated to help you achieve your organization's mission. ■

Allyn M. O'Connor is assistant staff counsel in the American Bar Association's Center for Pro Bono. She works on the Business Law Pro Bono Project, a project designed to promote the pro bono activities of business lawyers, to increase the number of transactional pro bono programs, and to support and assist existing transactional pro bono programs. She can be reached at the American Bar Association Center for Pro Bono, 321 N. Clark Street, Chicago, Illinois 60610-4714, 312-988-6398, oconnora@staff.abanet.org.

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Making Real Estate Work for Nonprofits

Take these steps to reap the rewards of real-estate development.

By Richard Gentilucci

Individuals and corporations have built empires by owning and managing real estate. While opportunities exist for nonprofits to capitalize on real-estate ownership, few take full advantage. Rather than owning land and buildings for long-term benefit, most nonprofits seek short-term gains. As a result, they don't enjoy the full value of real estate, which can be in the form of appreciation or future income streams.

One of the biggest misconceptions is that developing land isn't compatible with operating a nonprofit organization. It's plausible that a nonprofit that tries to develop property on its own could lose its tax-exempt status, especially if the activity is totally unrelated to the organization's mission and generates unrelated business income (UBI). And it's true that real-estate development isn't without risk. However, there are ways to minimize these hazards and capitalize on the benefits that come with owning and developing real estate. Here are the steps to take.

Invest in Experienced Counsel

Although it may be difficult to justify investing in real-estate advice, time and money spent at the outset will be worth the expense in the long term. Many nonprofits rely on pro-bono real-estate advice, sometimes from members of their boards of directors or friends who have some real-estate experience. Such advisors may have great intentions, but they rarely have the time or experience needed. Be sure to seek out someone who has the right expertise as well as enough time to evaluate your objectives and see the job to completion.



One of the biggest misconceptions is that developing land isn't compatible with operating a nonprofit organization.

Form a Separate Entity

One way to avoid tax consequences while developing land assets is to create a community development corporation (CDC), a separate, legal entity that will be responsible for developing the land. You can structure the CDC in a variety of ways, from a corporation to a partnership. One of the most popular structures is the Limited Liability Corporation (LLC), which is easy and inexpensive to create, has few ownership restrictions, and limits your exposure to liability.

In addition to avoiding tax issues, developing land under a CDC provides a variety of other benefits. For one thing, you'll retain control of the enterprise as manager of the LLC. Also, you can attract capital from sources that might not contribute to a pure nonprofit.

Take, for example, the West Angeles Community Development Corporation, which was founded in 1994 as an outreach program of the West Angeles Church of God in Christ, a 24,000-member church that has been a leading congregation

in South Los Angeles for more than 60 years. The Church, through its CDC, develops affordable, low- and mixed-income housing, and commercial projects that create employment opportunities in South Los Angeles. Since its inception, the CDC has developed 400 units of low- and moderate-income housing and 5,000 square feet of commercial space, with an additional 200 for-sale housing units and 55,000 square feet of commercial retail space in the pipeline to be developed over the next 36 months.

The CDC helped the church overcome the barrier of not being able to receive funds from government agencies and other sources that don't traditionally give to religious groups. The West Angeles CDC uses returns on real-estate investment to invest in top-quality staff and programming, which now includes economic development, dispute resolution, and community assistance.

Find a Partner

Another option is to joint-venture your CDC with a developer. While you may give up some control, the trade-off is that your partner can contribute predevelopment capital and municipal contacts to expedite permits. Once built, the property can be sold or rented, and the profits, along with the risk and exposure, can go to the CDC, which can then funnel the money back to your organization or reinvest the money.

There are numerous examples throughout the country. In Massachusetts, the Neighborhood Development Corp. of Jamaica Plain is joint-venturing with Urban Edge Housing Corp. and private developers to develop more than 450 units of mixed-income housing, retail, community-center space, and offices on 12 acres of land in Roxbury. Back in Los Angeles, the Phoenix

continued on page 30



📌 The Power of Perspective

In *Three Good Things* (www.BookMarketingSolutions.com, www.ReadingUp.com), Erica Oliver provides powerful exercises you can use to shift your personal life and organizational culture in more positive directions. Here are ways to put her ideas to use in your life and organization:

- **Choose your labels.** Labels such as “good” or “bad” are subjective, so why not pick the “good” label? If you believe “it’s all good,” then good will come even if it’s in the form of a tough lesson learned.
- **Make it a habit to note three good things about every day.** Consider adding this exercise to your board and staff meetings to help people emphasize the positive and enhance awareness of subtle signals that your organization is moving in the right direction.
- **Align your perspective with your own personal truth.** Don’t let your viewpoint become misaligned with external approval. Instead, focus on the things you value.
- **Pick your vanishing point.** Artists use the vanishing point — the place where all things converge — to manage perspective. The vanishing point in human life can be defined by how we want to be remembered after death. It’s up to us to draw our lines to create the picture we want of our lives.
- **Let go of expectations.** Nothing is as restrictive as expecting things to turn out a certain way. Minimize your expectations by broadening what’s acceptable and possible. The best things are often the unscheduled ones. 📌

📌 Five Secrets to World-Class Idea Generation

John Sweeney, author of *Innovation at the Speed of Laughter* (Aerialist Press, www.aerialistpress.com) offers these secrets to transform your employees into idea factories:

- **Secret 1: Accept All Ideas.** You won’t implement every idea your employees propose, but greet them all with gratitude, respect, and a positive attitude.
- **Secret 2: Defer Judgment.** Let ideas ferment and grow. In its final form, an idea may look nothing like the spark that started it, but if you snuff out that spark, it will never flame into something brilliant.
- **Secret 3: Accept All Styles.** Let employees broach ideas in ways that suit their personality. Some people enjoy sharing ideas in a brainstorming session, while others prefer to submit their ideas in writing.
- **Secret 4: Create a Status-Free Environment.** When it comes to generating ideas, everyone is equal.
- **Secret 5: Perceive Change as Fuel.** Urge your employees to savor the excitement and adventure that comes with change and new ideas. 📌

Making Real Estate Work for Nonprofits *continued from page 29*

Realty Group, a national real-estate investment firm, is providing the equity investment in a joint venture with the West Angeles

CDC to develop West Angeles City View Condominiums, a 61-unit, for-sale housing community to be built for South Los Angeles’ working families. In addition to investment capital, Phoenix Realty Group will provide a full complement of expertise and market knowledge.

There are many types of developers, and you should select a joint-venture partner with the experience, knowledge, and track record in the product you wish to develop, such as affordable housing, mixed use, or retail.

there can be cost overruns; and a project can take more time than planned to construct. But forming the right team will provide the collective expertise necessary to meet such challenges so that you can focus on your organization’s mission while maximizing your real estate’s value. ■

Richard Gentilucci is president and CEO of BTG Advisors, a Los Angeles-based real-estate consultancy firm representing owners and investors, including nonprofit organizations, in a wide variety of real-estate matters, including strategic planning, acquisition, disposition, development, construction, and financing.

Real-Estate Round-Up

For more on handling real estate, see these *Nonprofit World* articles, available at www.snpo.org:

- **Do You Have a Policy for Real-Estate Gifts?** (Vol. 25, No.3)
- **Nonprofit Doesn’t Have to Mean Noncomfortable** (Vol. 18, No. 2)
- **Looking a Gift Horse in the Mouth: Receiving Real-Estate Gifts** (Vol. 16, No. 1)

Reduce Risk with a Good Team

Real-estate development, whether alone or in joint venture, does involve risk: The value can decline;



☑ Are Your Employees Happy at Work?

In a recent Conference Board survey, fewer than 36% of employees said they're content with their workload, work-life balance, communication channels, and potential for growth. No one ever complains that they're too happy at work. Employees are especially sensitive to a disconnect between words and actions. If an organization touts itself as employee-focused but managers make employees feel uncomfortable about taking earned time off, for example, it makes a lasting negative impression. If you're interested in improving employee satisfaction at your organization, here are some suggestions:

- **Ensure a match** between new hires' values and those of your organization. During the pre-hire process, ask questions that identify prospective employees' values and be certain they fit with yours.
- **Talk monthly**, not yearly. Many organizations wait until year end to do reviews, and it's then that they ask about employee satisfaction. Check in more frequently to learn what people think about their jobs. Quarterly at least. Monthly would be best. Create a brief survey that goes over basics like workload, environment, and supplies. Save salary discussions for the year-end review.
- **Create multiple channels** of communication. Use a combination of face-to-face interviews, real and virtual suggestion boxes, open-door policies, and small and large group meetings to learn what people are thinking. The more channels, the better. Respond to suggestions right away to confirm that you received them, even if the item may not be acted upon for a while.
- **Offer a bonus for ideas** that enhance organizational life. On-the-spot bonus programs can encourage people to offer ideas that will improve life for staff. The ideas generated by staff are often more highly valued and effective than those that come from the top. (The bonus needn't be monetary; it could be as simple as being treated to lunch.)
- **Use exit interviews.** Learn as much as you can about why departing employees are leaving. To encourage their candor, consider using an outside consultant to conduct exit interviews. ☑

— adapted from *The Weiman Consulting Letter*, www.weimanconsulting.com

☑ Focus on Followership

During the last quarter century there has been an explosion of interest in leadership and leadership training. By focusing on leadership without exploring followership, we perpetuate the myth that followers don't matter much. It's the response of followers, however, that usually determines outcomes.

In *Followership: How Followers Are Creating Change and Changing Leaders* (Harvard Business School Press, www.hbsp.harvard.edu), Barbara Kellerman explains what makes a good follower. Good followers don't disengage, nor do they stand by as sycophants. They engage with their leaders to create change.

This 288-page paperback does a fine job of explaining followership. The examples clearly show what can happen when followers are good at following or bad at it. Knowing what a good follower is can help leaders and strengthen organizations. ☑

— reviewed by Terrence Fernsler

☑ Guerrilla Tactics

You don't need to wait for that big dramatic idea before making constructive changes. Here are six actions you can take right away to gain insights, build a culture of innovation, and improve your organization:

- **Buy lunch.** Bring in pizza, and hold an informal brainstorming session. You might discuss a specific problem or ask people what problems they're facing in their work.
- **Poll people** to find out where they think improvements are most needed.
- **Seek out people with different points of view.** New hires, temporary workers, customers, and new board members are all sources of fresh viewpoints. Ask for their thoughts on how to improve your organization's work.
- **Get out of the office.** Take a coworker out for coffee. Sign up for a workshop. Visit another nonprofit organization — the more unlike yours, the better.

• **Rotate employees** into different jobs occasionally. Trade board members with other organizations for short periods. The resulting exposure to new perspectives can lead to profound change.

• **Ask people to come to the next meeting** with one idea that will make their work easier or improve the organization in some way.

— adapted from *Ideas Are Free* (Berrett-Koehler Publishers, www.berrett-koehler.com) ☑



How to Enjoy Fundraising

These books will help take the fear out of asking for money.

By Terrence Fernsler

The Joy of Fundraising

By Terry Axelrod. 122 pages. Hardcover. Benevon Publications, www.benevon.com.

Isn't it ironic that in our capitalist society, money is such a feared topic? Asking for money is often viewed as scary and something to be avoided. Terry Axelrod believes this is because money is perceived as scarce. However, she counters, the resources each organization needs are in abundance because people look for ways to express their generosity. To gain access to these resources, we need to shift our attitudes.

The first shift, according to Axelrod, is to change our thinking to that of a donor. In doing so, we open ourselves up to the many ways people can contribute.

We begin to understand that resources are abundant, and we can find them by having real conversations with supporters. We learn to tell powerful stories that connect people to our cause.

Once our focus has shifted, we must keep spreading the word and keeping in touch with supporters.

Axelrod's Benevon model (formerly the Raising More Money model), which she alludes to in this book, will make action easier. It's a two-way, symmetrical method of fundraising, encouraging long-term supporters to give to an organization because of the good work it does

The Joy of Fundraising is short, with quick, easy-to-read chapters. It serves as an inspiration to finding more support and will help people enjoy the task of fundraising. ■

The resources each organization needs are in abundance.

Effective Fundraising for Nonprofits: Real-World Strategies that Work

By Ilona Bray, J.D. 495 pages. Softcover. Nolo Publications, www.nolo.com.

Nolo, publisher of law books for lay people, recently branched out into publishing books for nonprofits. These books continue to meet Nolo's high standards of writing for all of us to understand, yet being thorough. *Effective Fundraising for Nonprofits* is an easily-read book that looks at every aspect of fundraising.

Ilona Bray starts by explaining the tools needed for effective fundraising, including people, skills, and equipment. The first step is planning. You must know how much money you're trying to raise and for what. To determine how you'll raise the money, you must know the resources you have to draw from, who your potential contributors are, and how to reach them.

Motivations for giving are complex, but most sim-

ply, people give to organizations when they feel they'll get something in return. That something is different for each individual. To learn what it is, you must keep in touch with supporters. Bray guides the reader through involving donors while keeping your mission in mind.

Some contributors will want to give through events or purchase items for sale. Bray reviews the things to consider when these approaches are appropriate. She quickly but clearly discusses planned giving and does a fine job of presenting grantsmanship in only 50 pages.

Communication is key to fundraising. Bray outlines how to work with the media, make your Web site an effective fundraising tool, and develop other communication strategies.

Clearly, effective fundraising requires much work and constant evaluation, but it's not too difficult, especially with this book as a guide. You'll want to read it through once and then keep it handy to consult often. ■

People give to organizations when they feel they'll get something in return.

Terrence Fernsler is the executive director of the Washington Wilderness Coalition in Seattle.

Nonprofit Governance Library

7 x 10 • Paperback • Product Code: 5070392P • \$145.95 (Regular price); \$105.95 (Section member price)



The *Library*, consisting of five publications, is 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

AMERICAN BAR ASSOCIATION

Who's Reading **NONPROFIT WORLD?**



Tangie Newborn
Alliance for Nonprofit Management

“Nonprofit World is a wonderful tool to help us solve problems and keep on track.”

Tangie Newborn is executive director and CEO of the Alliance for Nonprofit Management, a professional nonprofit of over 1,100 nonprofit consultants, trainers, and organizations that reach 250,000 nonprofits a year. A long-time member of American Society of Association Executives and the Center for Association Leadership (ASAE), Tangie is an appointed member of its CEO Advisory Council, chair of the ASAE Diversity Committee, and an ASAE Center U Faculty member. With more than 25 years of nonprofit management experience, Tangie's background includes a blend of experience in executive management, strategic planning, training, program development, and convention management. In addition to serving as a nonprofit leader, Tangie also serves as a consultant, speaker, organization trainer, and executive coach.

Tangie says: As a reader of *Nonprofit World*, I have to say that it has been a rewarding experience and addition to my professional development. *Nonprofit World* is the perfect size for a busy CEO, and the articles are quick reads yet full of valuable information that can be used in your day-to-day activities.

Take, for instance, “How to Get It Done” (Vol. 25, No. 5), a recent *Nonprofit World* article on project management. This wasn't your typical project management do's and don'ts. The author offered some quick and proven techniques that can ease the pain of managing one or multiple projects. The five S's were a hit!

I made copies of the article for my staff, and we agreed to take 15 minutes from our staff meeting agenda to discuss the article and how we could apply the knowledge we gained to improve our organization and projects. To my amazement, the conversation kept going for 45 minutes!

My staff immediately began to apply the principles outlined in the article to a specific project and situation within our organization. We evaluated what we did right and what we could have done better based on the five S's principle.

You can be sure I'll always keep *Nonprofit World* close at hand. It's a wonderful tool to help us solve problems and keep on track.