NONPROFIT World

Advancement Through Sharing

Volume 26, Number 6
November/December 2008

How to Build a Framework for Strategic Alliances

It's all about trust.

- Recession-Ready Fundraising
- The Myth of the Facilitator
- Is Your Organization Culturally Competent?
- Be Ready for Retirement Plan Changes

Nonprofit Organization
U.S. Postage **PAID**
Traverse City, MI
Permit No. 29

Published by the Society for Nonprofit Organizations

insurance and risk management SOLUTIONS for NONPROFIT ORGANIZATIONS

irwin siegel agency, inc.

understands the needs of Nonprofit organizations across the country and we strive to enhance our programs and services in support of your mission.

Offering more than highly competitive products, superior customer service and first-class underwriting expertise, ISA encompasses the field related knowledge and experience that allows a **unique understanding of the needs relative to your Nonprofit organization.**

irwin siegel agency inc.
insurance & risk management
www.siegelagency.com
1.800.622.8272

What better time than now to review your Directors & Officers (D&O) policy?
Take advantage of your **SNPO membership** and get your free D&O quote and consultation from irwin siegel agency, inc.

insurance products:

Nonprofit Directors and Officers
Employment Practices Liability
Volunteer Accident Coverage
Workers' Compensation

comprehensive insurance packages available for:

Para-Transportation Providers
Community Associations
Chambers of Commerce
Fraternal Organizations
Rural Transportation Programs
Community and Social Services
Big Brothers Big Sisters
Boys and Girls Clubs
Headstart Programs
Community Action Agencies
Developmental Disability Agencies
Addiction Treatment Centers
Behavioral Healthcare Providers

Call us today for details and
mention your SNPO membership
1.800.622.8272 x 5142

www.siegelagency.com

NONPROFIT WORLD

Editor Jill Muehrcke

SOCIETY FOR NONPROFIT ORGANIZATIONS

President Katie Burnham Laverty

Membership Director Jason Chmura

Publisher
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

To build relationships, you first need to establish trust. Only then can you take steps toward transformative collaboration. But what, exactly, is trust? Why is it so important? How can you use it to create successful collaborations? For answers, see "How to Build a Framework for Strategic Alliances," beginning on page 15.

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.

contents

articles

departments

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.**

NONPROFIT WORLD is published bi-monthly at the subscription price of $79 per year by The Society For Nonprofit Organizations. Single copies are available, prepaid, at $15 per copy. NONPROFIT WORLD is available at no charge to members of The Society For Nonprofit Organizations. To subscribe or to become a member of the Society, write: The Society For Nonprofit Organizations, 5820 N. Canton Center Road, Suite 165, Canton, Michigan 48187. Telephone: 734-451-3582. Organizational Membership $125. Individual $59. E-Membership $39. **Organizational members may purchase additional memberships for their board, staff, and volunteers at $15/membership/year.** Change of address: Send both new and old address, with mailing label if possible, to: The Society For Nonprofit Organizations, 5820 N. Canton Center Road, Suite 165, Canton, Michigan 48187. Allow six weeks for corrections.
 ISSN 8755-7614. POSTMASTER: Send address changes to The Society For Nonprofit Organizations, 5820 N Canton Center Road, Suite 165, N Canton, Michigan 48187. **E-mail: info@snpo.org. Web page: www.snpo.org.**

The Myth of the Facilitator

Meanings are held not in words but in people.

You've heard it countless times – the assertion that you need to hire a professional facilitator to run your retreat, planning process, or other meetings. In some cases — when tensions are high and an objective voice is essential, for instance — an expert may be just what you need. But, many times, you want to do it yourself.

Doing it yourself will be especially fruitful if you learn the principles of facilitation and spend some time studying them (see "How to Be a Good Facilitator" on page 26). It's also important to realize that doing it yourself doesn't mean doing it alone. Leadership is about working with and through others (take a look at "The Best Way to Measure Leadership" on page 26).

The Community Leadership Handbook by James Krile (reviewed on page 28) challenges the myth of the facilitator – the idea that to get anything done, you need an expert with a bag of tricks to engage people in productive ways. Working from the premise that you can achieve fertile results on your own if you know how, the book highlights the tools you need to do so.

One key is to use communication tools to create shared meaning. Such common understanding will help you build commitment. For strategies to win others to your side and polish your leadership abilities, read "How to Get People to Listen to Your Ideas" (page 25).

You'll find communication skills crucial throughout your organization. It's imperative to forge shared ideas when building teams (start by reading "I've Been Thinking about Team-Building" on page 8 and "A New Look at Teams" on page 26), when working with employees (see "Are You Ready for the Millennials?" on page 25), and when raising funds (turn to "Recession-Ready Fundraising," page 6).

Remember, as Krile points out, that meanings are held not in words but in people. It's not what you say that gives meaning to your message but what listeners hear. Thus, a vital element in effective communication is trust. No meaningful relationship can be developed without it, as Joseph Santora reminds us in "How to Build a Framework for Strategic Alliances" (page 15).

Communication and trust are indispensable in creating an inclusive organization – a clarion call no nonprofit can ignore. You'll find guidelines to building diversity into your workplace in "Is Your Organization Culturally Competent?" (page 18), while "Cultural Insight" (page 27) underlines the importance of shifting your perspective when dealing with people of different backgrounds.

In *Trust and Betrayal in the Workplace*, Dennis and Michelle Reina describe how to use trust to transform your organization. (To learn the 4 E's of transformative trust, turn to "How to Create a Culture of Trust" on page 17.) Doing so requires the courage to be true to your values, admit mistakes, and tell the whole truth, not just what you think people can handle. Most of all, it means trusting yourself. That's the most powerful asset any leader can possess.

Jill Muehrcke, jill@snpo.org

FIVE THINGS TO DO NEXT MONDAY

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

1. Check that you're following strategies to survive the current downturn in giving (page 6).

2. Think of a relationship you're trying to build, and notice how far along you are in the framework of trust provided on page 16.

3. Take a step toward diversity by asking yourself and others in your organization the questions in "Are You a Boundary Spanner?" (page 19).

4. Ask your board members to read and discuss "CEOs Report Alarming Level of Dissatisfaction with Boards" and the resources cited there (page27).

5. Make certain you're complying with the new retirement law that goes into effect on January 1 (page 22).

Move your fundraising software forward. Without holding your mission back.

BE UP AND RUNNING IN 30 DAYS OR IT'S FREE.

Changing your fundraising software doesn't mean you have to stop changing the world. Switch to eTapestry and we guarantee you'll be raising money with us in just one month (instead of the usual 3 - 6 months). To find out more about our 30 Day Up-and-Running Guarantee visit eTapestry.com or call 317.336.3827.

eTapestry is a Blackbaud Company

eTapestry *on demand fundraising software*

Article Self-Serving or Delicious?

I appreciate *Nonprofit World* and find useful ideas in every issue. A recent article, however, prompts me to write you in indignation. This article — "The Nonprofit Sector Doesn't Exist" (Vol. 26, No. 2) — is an example of the self-serving rearrangement of information by those who want to make money consulting with the not-for-profit world. Rather than offering a new way of thinking, the author suggests we capitulate to pressures to move away from our core values and embrace the bottom-line thinking that will change how we look at our service recipients and our roles.

> A move into that world would be a mistake for most of us.

For several decades the not-for-profit world has been seduced – sometimes threatened – into becoming more businesslike in our thinking and operations. While we can extract some worthwhile ideas from the for-profit sector, a move into that world would be a mistake for most of us. Once bottom-line thinking becomes enmeshed with our mission, we change the nature of how we look at those we serve. Taking the risks that are sometimes needed to fulfill our missions is discouraged, while status quo thinking is encouraged. Just look at the current state of our mental health systems in this country.

Frankly, the business world offers little inspiration to me about how to conduct the mission of my organization, how to treat our staff, and how to best represent those we serve. While we must live in the world that embraces the myth of the business sector as an ideal to imitate, we can't lose sight of those we serve and their place in the hierarchy of needs and attention in our communities.

Before I am dismissed as a naive anti-bottom-liner, let me say I understand that without a strong bottom line our services are at risk. After 43 years of work within the not-for-profit world, I get "it." However, my experience tells me that as the "bottom line" moves from a means and becomes an end, in an insidious way we change the nature of what we do and how we do it. Rather than operating as advocates for change with our recipients, we become timid representatives of our cause and supporters of the status quo.

The real challenge for those of us who continue the good fight is how to balance the demands of fiscal sustainability and respond to the changing needs of our recipients without forgoing innovative and sometimes risk-taking ventures. ■

Dick Fink, LMSW
Executive Director
Charitable Union
Battle Creek, Michigan

While I enjoy all your articles, I was especially captivated by "The Nonprofit Sector Doesn't Exist" in your Vol. 26, No. 2 issue. Talk about delicious food for thought (and discussion!) It has sparked many, many conversations with members of the various nonprofit boards on which I serve.

> Social enterprise is definitely the wave of the future – and the savior of tomorrow.

The article's premise is one I've long believed to be true. Social enterprise is definitely the wave of the future — and the savior of tomorrow. A blending of what we've traditionally called "for-profit" and "nonprofit" is essential if either of these two "sectors" is to fully meet the needs of the people. The "for-profits" need our heart and humanity, and we need to understand basic business, financial, and marketing techniques. I have always appreciated *Nonprofit World*'s emphasis on entrepreneurship for nonprofit organizations. As many of your articles point out, nonprofit executives and board members need to do all they can to stimulate innovative, bold, and enterprising thinking.

Thank you, *Nonprofit World*, for the insightful thoughts in this article as well as all your useful, on-target information and advice. Keep up the good work for the betterment of us all! ■

Carlos Lozano
San Diego, California

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!

Also, we hope you'll **join the discussion** on the *Nonprofit World* **Discussion Forum**. Just go to www.snpo.org, sign in as a member, and click on the Nonprofit Forum link.

The One to Know.

Founded in 1981, Ausco is one of the largest Managing General Underwriters for Non-Profit Directors & Officers and EPL insurance.

The superior quality of our products, the keen expertise of our claims professionals and our competitive prices makes us the underwriter of choice for this class of business.

We are the One to ask. We are the One to call. We are the One to trust. We are the One to Know.

Ausco works exclusively through agents and brokers. Call Ausco at 312.381.2920, or visit www.auscoinsurance.com.

A Division of Financial & Professional Risk Solutions, Inc. In California: Financial & Professional Risk Solutions Insurance Agency, Inc.(License No.: OB93670)

Recession-Ready FUNDRAISING

Follow these strategies to survive hard times.

By Anisha Robinson Keeys

Sales guru Zig Ziglar said, "If you have enough push, you don't have to worry about the pull." No matter what you believe about the current economic outlook, cutbacks on the part of grantmakers and donors will likely affect your ability to raise funds, requiring you to push that much harder to maintain financial stability. Here are ways to do so:

Diversify income streams

Many nonprofit organizations weather tough times by adding more sources of income. Given today's environment, all nonprofits, even those that have historically raised money from just one source, should consider expanding the ways they generate revenue.

Create a fundraising plan with a broad reach. Such a plan should target income from a variety of places, including individual donors, corporations, and foundations, as well as earned income from special events and the sale of products and services.

Honor your volunteers

Tough times require subtle changes in the tone of the "ask" and the relationship between donor and recipient. An often-overlooked source of support for nonprofits, the volunteer, can be a key barometer for how successful a fundraising plan might be.

During an economic downturn, volunteers may be scarce, choosing to give their time and effort to personal or professional commitments. In response, consider demonstrating to volunteers just how and why their altruism is worth it.

Tough times require subtle changes in the tone of the "ask."

Think of ways to make volunteering pleasurable and beneficial. For instance, use and promote the organization's events, friendraisers, or fundraising initiatives as opportunities for volunteers to network with potential business contacts.

Also, minimize obstacles associated with serving. Respect volunteers by starting and ending meetings and events on time. Demonstrating appreciation goes a long way in fostering loyalty.

Keep in touch

Another important, no-cost strategy is to retain funder interest. Now is a great time to keep in touch with your supporters. Their investment shows that they care about the work your organization does; show that you care by keeping them informed of your initiatives.

During your calls, share success stories that can re-energize their commitment. Use anecdotes and case studies to reveal how their time, money, and talent are making a transformative difference in your organization.

Collect statistical data, but don't overwhelm your supporters with the stats. Remember that donors are as emotion-driven as anyone else. The relationship between donor and recipient is based on people helping people.

Donors give more when they read the story of how their contributions affected a specific individual, as opposed to a report on many anonymous people. They also tend to donate more to an organization if they also volunteer for it, so encourage donors to become active volunteers.

The volunteer can be a key barometer for how successful a fundraising plan might be.

Be a part of your own solution

Openly confront the issue of how an uncertain economy could affect your organization's stability and viability. Donors know that no matter where the economy is headed, raising money is never easy. So they'll have concerns about how your organization will prevent, mitigate, or recover from loss of funding.

Many nonprofits operate under the constant threat of financial uncertainty. Therefore, they must be creative, proactive, and enterprising, constantly seeking opportunities,

CREATIVE FUNDRAISING IDEAS

Hold a Fashion Show with a Twist

In a variation on the classic fashion show fundraiser, students sauntered down the runway in new and vintage clothing that businesses had donated for sale. Dozens of outfits were sold at the event, and the class netted more than $1,000 to cover prom expenses while outfitting many students for the dance at bargain prices. For more creative ideas, see *Fundraising: 50 Proven Strategies for Successful School Fundraisers*, Corwin Press, www.corwinpress.com.

Tap the Potential of Postcards

Postcards can be a big help in your direct marketing. One of the key advantages, of course, is the less expensive cost of postage required by postcards versus regular mail. Postcards also stand out in the recipient's stack of daily mail in an eye-catching way. And you can fit a lot more on one postcard than you may think. Just ask Bob Westenberg, who publishes *IMP: The World's Smallest Newsletter* once a month on 4" x 6" postcards. That's right. A newsletter on postcards. He has thousands of subscribers too. For more information, see Modern Postcard at www.modernpostcard.com.

Play the Flamingo Game

Your only investment for this event is a flock of plastic flamingos – or perhaps more flocks if the demand is great enough. Volunteers secretly plant the flock in someone's yard along with the rules of the game: For $5, the family can have the flock removed from their yard. For $10, they can choose the next home to be invaded by the flock.

without forsaking their mission, to ensure sustainability.

There's an earned income option for just about every nonprofit seeking to supplement fluctuating donations. Coming up with the right fit may just be a matter of brainstorming.

A good example is the Girl Scouts. Noted for being enterprising, the Girl Scouts netted over 700 million dollars from cookie sales last year.

Baking cookies isn't the answer for most nonprofits, but it helps to have an earned income plan. For example: An organization that provides specialized training or has a talented management team may provide fee-based consulting services to emerging organizations in the same field.

Never stop asking

The best way to ensure that your organization loses revenue and goodwill is to stop asking for money and support. In good times and bad, stay positive and creative. Keep pushing hard to ensure survival and fulfill your promise to serve your community. ■

Resources

"25 Ways to Cut Costs," *Nonprofit World,* Vol. 26, No. 2.

Boschee, Jerr, "Looking for Customers Rather than Handouts," *Nonprofit World,* Vol. 22, No. 6.

Levinson, Nick, "Fundraising for 44 Cents," *Nonprofit World,* Vol. 23, No. 3.

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

These resources are available at www.snpo.org. Also see Learning Institute programs on-line: Resource Development and O for Opportunity: Exploring New Revenue Opportunities for Nonprofits (www.snpo.org/li).

Anisha Robinson Keeys (anisharobinson@gmail.com, 215-300-5112) is the principal officer of Lance-Lee Planning (www.lance-lee.com), a strategic fund development and special events planning company that helps nonprofit organizations raise money and promote their social change missions. With 13 years of fundraising and marketing experience, Ms. Robinson Keeys has raised over 40 million dollars in the areas of youth and women's empowerment, disaster relief, arts, and healthcare.

Nonprofit World • Volume 26, Number 6 November/December 2008
Published by the Society for Nonprofit Organizations
5820 Canton Center Road, Suite 165, Canton, Michigan 48187
734-451-3582 • www.snpo.org

I've Been Thinking about ...

Team-Building

How can you sustain staff commitment and create an effective team? Is it worth the investment?

By Martha Golensky

Two staff members of a national organization scammed several hundred thousand dollars from their employer by counterfeiting travel receipts and pocketing the money, according to a recent news story.[1] In describing how the two were caught, the piece argued for instituting controls to protect assets, which is certainly an important step. However, I was more concerned about the underlying issue that wasn't addressed: These employees had put *their* interests ahead of the charity's.

The story hit home. I once had the sad experience of discovering a valued staffer had stolen from the nonprofit I then led. Her theft came to light through the annual audit,

> Had our organization failed her by not nurturing a strong enough dedication to our meaningful work?

Nonprofit World • Volume 26, Number 6 November/December 2008
Published by the Society for Nonprofit Organizations
5820 Canton Center Road, Suite 165, Canton, Michigan 48187
734-451-3582 • www.snpo.org

> She decided to give herself the raise by stealing small amounts of money every pay period.

by which time she had moved on to another organization.

When confronted with the facts, she readily admitted her actions but justified them on the basis of having been promised a raise by my predecessor that I had denied. It was true that she'd requested the raise shortly after I came on board, but I'd found no documentation to support her claim. More important, the organization's financial circumstances didn't permit me to honor her request. Since she was our chief fiscal officer, I thought she would understand. Instead, she decided to give herself the raise by stealing small amounts of money every pay period, covering her tracks by falsifying the backup documents she gave me when I signed the checks.

It was disturbing to think someone could be so duplicitous but also that I had been so easily fooled. Could a better system of controls have prevented this problem? Perhaps, although the news story on the scam noted that a determined person can almost always get around controls, and in my case, the individual was in the perfect position for her deceit. Was she, then, just a bad apple? Or had our organization failed her by not nurturing a strong enough dedication to our meaningful work? I had inherited this employee, so it was hard to say.

Another recent news story addressed nonprofits' problems in holding on to talented young staff, citing a survey that showed an alarmingly high percentage of employees leaving the nonprofit sector. The survey respondents said they left nonprofits mainly because of inadequate compensation and stressful working conditions. They also complained that they weren't being groomed for senior positions and had no clear career path.[2]

The link between these two stories is the failure by many nonprofits to build effective teams. Team-building requires a deep understanding

They complained that they weren't being groomed for senior positions and had no clear career path.

of what motivates staff members.

If your organization purchased a building, you wouldn't let your investment lose value by failing to maintain it. But are you making the same commitment to your employees?

The case is strong for building a staff-development program sculpted to meet the needs of *your* employees. Your program should focus on motivational team-building activities, including mentoring and coaching.[3] It should also offer educational opportunities such as workshops, teleconferencing, and Web-based instruction.[4] If your organization is too small to offer these tools in-house, you can bring in a consultant or someone from a local business, public agency, or another nonprofit.

I guarantee that you, as the CEO, will sleep better knowing you've done everything within reason to show staff you respect and care about them. In return, your employees are more likely to reward you with sustained loyalty even if compensation might be better elsewhere. ■

Footnotes

[1]Perspectives on this and similar accounts are offered by these *Nonprofit World* (www.snpo.org) items: "Nonprofit Ethical & Fraud-Prevention Lapses Found" (Vol. 26, No. 5), "Embezzlement Alarmingly Common in Nonprofits" (Vol. 26, No. 4), and "Nine Steps to Prevent Fraud" (Vol. 26, No. 2). "Common-Sense Approaches to Fraud Awareness, Prevention, and Detection" (Vol. 15, No. 4) explains why everyone is capable of fraud and what to do about it. Also see "Fraud: How to Prevent It in Your Organization" (Vol. 26, No. 3) and "Setting Up a Control System for Your Organization" (Vol. 16, No 3) at www.snpo.org.

[2]Check out "Why Are Your Employees Leaving?" in *Nonprofit World*, Vol. 26, No. 4 (www.snpo.org).

[3]For example, take a look at "Designing and Sustaining Effective Organizational Teams," in R. L. Edwards & J. A. Yankey (Eds.), *Effectively Managing Nonprofit Organizations,* NASW Press (www.naswpress.org), as well as these *Nonprofit World* articles (www.snpo.org): "Build a Powerful Staff Team" (Vol. 18, No. 4), "Zen and the Art of Team Building" (Vol. 20, No. 1), and "The Key to Building Productive Teams" (Vol. 21, No. 4).

[4]See "Using Training Strategically to Build Organizational Capacity," *Nonprofit World* (Vol. 14, No. 4), www.snpo.org. Also see Learning Institute programs online at www.snpo.org/li.

Martha Golensky, D.S.W. (golenskm@gvsu.edu) is professor emerita 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.

At Last – A Way to Evaluate Fiscal Sponsors

Is fiscal sponsorship right for you? This checklist will help you decide.

By Gerald R. Solomon

Fiscal sponsorship has become quite common in the nonprofit world. Yet fiscal sponsorship is alarmingly misunderstood. Many nonprofits agree to become fiscal sponsors and lend their 501(c)(3) status to others without realizing the legal risk of doing so. Many don't fully understand what fiscal sponsorship entails. And few think carefully enough about what such a partnership means and what the consequences could be.

Till now, there hasn't been a set of criteria that a nonprofit can check before agreeing to become a fiscal sponsor or that others can use if they want to hire one. This article fills that gap by providing a set of desperately needed metrics. You can use this list of benchmarks to evaluate a fiscal-sponsorship arrangement and answer that all-important question: Is this partnership right for my organization?

> Fiscal sponsorship is alarmingly misunderstood.

What Is Fiscal Sponsorship?

Fiscal sponsorship is a relationship among three entities: **(1) a funder** (individual, foundation, or government); **(2) a service provider** (the group that performs the services for which the funds are given); and **(3) a fiscal sponsor** (a nonprofit) charged with responsibility to manage the funds and the delivery of services.

The fiscal sponsor must be a nonprofit that agrees to let another group use its 501(c)(3) tax-exempt status. Those seeking fiscal sponsorships are usually groups that have ideas for a project but lack the 501(c)(3) designation necessary to obtain a grant. Often these are short-term or pilot projects. Sometimes the group looking for a fiscal sponsor hopes to become a nonprofit organization but needs time to develop the necessary infrastructure. Or it may be a group that has applied for tax-exempt status, is awaiting IRS approval, and needs a sponsor in order to receive grant money in the meantime.

The fiscal sponsor receives the funds, writes checks for program expenses, includes the grant in its annual tax return, and is liable for all deliverables for the project. In

addition, the fiscal sponsor may provide personnel, payroll, training, publicity, and other management services.

The fiscal sponsor also assumes 100% of the risk and liability in the partnership. That's why, if a group approaches you and asks you to become their fiscal sponsor, it's important not to agree too quickly. First, be sure your organization has the capacity needed to support such a partnership.

Here are standards you can use to decide if a fiscal sponsorship is right for you. If you're a group looking for a fiscal sponsor, you can apply these benchmarks to assure that the nonprofit you choose will make a good partner for you. If you're a nonprofit organization thinking of becoming a fiscal sponsor, you should first be sure you comply with all these standards. Otherwise, you may be putting your organization at risk.

Mission-Related Benchmarks

If a group asks your organization to become a fiscal sponsor for them, or if you're choosing a nonprofit to be your fiscal sponsor, the first questions you need to ask are these: Does it feel right? Will we work well together? Does the potential partner understand our project and mission? Without that common foundation of values, purpose, and internal cultures, the relationship begins with a lack of stability.

In its broadest sense, it's about how well both groups' cultural competency[1] and mission are aligned (see *Standard 1* in "Standards to Evaluate a Fiscal Sponsorship," page 12). Engaging in a mission dialogue will help you identify strengths and challenges so that you can put appropriate safeguards in place.

If you're the one being asked to take on the fiscal-sponsor role, make certain that the project proposed by your potential partner furthers your own mission. If it doesn't, you could risk losing your tax-exempt status.

If both groups decide to go ahead with the fiscal sponsorship, the next step is to have an attorney prepare a contract setting forth the

> Many nonprofits agree to become fiscal sponsors without realizing the legal risk of doing so.

roles each party will play (*Standard 2*). This agreement should address such fundamental issues as:

- the fees the fiscal sponsor will charge for its services
- how the fiscal sponsor will deal with risk and what insurance coverage it possesses
- the financial and human-resource policies that will be used
- how communication systems will be managed
- how conflicts will be resolved
- the responsibilities of each of the parties
- termination provisions, including who can terminate, when, and the ramifications of doing so.

Fiscal Standards

Financial principles of accountability, transparency, and integrity are the cornerstones of a fiscal sponsorship. It's crucial for the fiscal sponsor to comply with applicable regulations (*Standard 3*), such as:

- Generally Accepted Accounting Standards (GAAP) (guidelines for financial accounting and reporting)
- Federal Acquisition Regulations (FAR) (rules on competing for contracts)
- Circular A-133 (audit requirements for nonprofits)
- the Sarbanes-Oxley Act (standards to deter fraud and increase accountability)[2]

The openness with which the fiscal sponsor operates (*Standard 4*) will reveal whether the organization is following all necessary regulations.

To evaluate a fiscal sponsor's compliance with financial standards (*Standard 5*), ask the following questions:

- Are the fiscal sponsor's financial records accessible on demand?
- What written policies provide checks and balances to safeguard funds?
- What role does the fiscal sponsor's board play in overseeing finances?
- What system does the fiscal sponsor use to monitor program expenditures and activities?

Next, it's important to assure that the fiscal sponsor has the financial stability and resources to provide a continuum of services without interruption (*Standard 6*).

- Does the fiscal sponsor have a good relationship with its bank, including a credit line to cover unforeseen costs?
- Does the fiscal sponsor arrange for an annual audit of its finances (*Standard 7*), overseen by an independent audit committee?[3]
- Does the fiscal sponsor post its 990 and the results of its annual audit on its Web site?
- What are the qualifications of the fiscal sponsor's staff (*Standard 8*)?

> At least once a year, an attorney should review and approve the employee handbook.

Human-Resource (HR) Capacity Standards

Fiscal sponsors sometimes provide their partner groups with human-resource services, such as personnel management, payroll processing, and benefits management. In today's litigious environment, it's essential for the fiscal sponsor to manage people and the associated risks effectively. If you're considering becoming a fiscal sponsor, remember that you can be exposed to liability for the actions of the projects you sponsor for your partner. Ask these questions to be sure risks are well controlled:

- Does the fiscal sponsor have a written risk-management program (*Standard 9*)?
- What measures are used to mitigate risk and educate people about possible risks?
- Does the fiscal sponsor have sufficient insurance policies in the

continued on page 12

Standards to Evaluate a Fiscal Sponsorship

MISSION

Standard 1. Alignment. The mission and cultural competency of the fiscal sponsor and its partner group should be in alignment.

Standard 2. Engagement Agreement. The fiscal sponsor must provide its partner group with a written agreement for its services. This contract should clearly set forth the terms and conditions of the relationship, including (but not limited to) provisions covering fees, costs, risk of loss, financial and personnel management policies, respective duties, and conflict-resolution procedures.

FINANCIAL CAPACITY & INTEGRITY

Standard 3. Compliance. The fiscal sponsor must comply with all government and philanthropic requirements, including nonprofit governance regulations, Sarbanes Oxley, GAAP, and Circular A-133.

Standard 4. Financial Accountability. The fiscal sponsor must provide its financial services in an open, accountable manner with the highest level of integrity.

Standard 5. Secure Financial Systems. The fiscal sponsor needs to use an accounting system that insures the highest level of checks and balances, as well as board oversight.

Standard 6. Financial Stability. The fiscal sponsor must maintain sufficient resources and credit capacity to provide continual and uninterrupted financial service.

Standard 7. Annual Audit. The fiscal sponsor should have an audit committee. This committee should arrange for an outside firm to conduct an annual audit, with results open to public view.

Standard 8. Financial Staffing. The fiscal sponsor's financial staff should consist of highly trained professionals with certifications or experience indicating the highest level of financial knowledge and ability. For example, the Chief Financial Officer (CFO) should hold a CPA degree or have at least 10 years of high-level CFO experience. Department or division supervisors should possess certifications or degrees in their respective disciplines.

HUMAN RESOURCE CAPACITY

Standard 9. Risk Management. The fiscal sponsor should maintain a comprehensive risk-management program. This program should be overseen by a certified risk-management professional responsible for securing, managing, and implementing the widest variety of insurance coverage. Coverage should include: general-liability insurance, directors' & officers' liability insurance, employment-practices' liability insurance, workers'-compensation insurance, fiduciary insurance, crime insurance, and property & casualty policies with a minimum policy limit of $1,000,000 per occurrence.

Standard 10. Whistle-Blower Program. The fiscal sponsor should have an independently operated whistleblower program that encourages people to report fraudulent activity, violations of government regulations, and unsafe work practices. This program should ensure that anyone who makes such a report will be protected from retaliation.

Standard 11. Human Resource (HR) Policies. The fiscal sponsor needs to maintain an employee handbook (a written set of employment policies and procedures) and thoroughly explain these policies to all employees. Staff members should sign statements declaring that they understand and agree to follow these policies and procedures. At least once a year, an attorney should review and approve the employee handbook. The attorney should note as an addendum to the handbook that the organization complies with all local, regional, state, and federal regulations.

Standard 12. Human Resource (HR) Staffing. The fiscal sponsor's HR staff should consist of highly trained professionals with certifications or experience demonstrating the highest level of knowledge.

Standard 13. Legal Counsel. The fiscal sponsor must have (in house or under contract) competent legal counsel to provide legal review, support, and assistance as needed.

BOARD GOVERNANCE

Standard 14. Board Responsibilities. The fiscal sponsor's board of directors needs to provide appropriate oversight. Board members must avoid conflicts of interest and adhere to a formal, written code of conduct.

GRANTS MANAGEMENT

Standard 15. Infrastructure System. The fiscal sponsor must use a secure database system to manage its relationships with funders and customers.

TECHNOLOGY INFRASTRUCTURE

Standard 16. Security and Compliance. The fiscal sponsor needs to provide its services in a technologically secure environment. This environment should be overseen by a director who holds the requisite technology certifications and whose department maintains current software and hardware licenses.

areas of general liability, directors' & officers' (D & O) liability, employment practices, and workers' compensation?[4]

• Does the fiscal sponsor have a whistle-blower program? Are measures in place to ensure that people who report problems are free from retaliation (*Standard 10*)?

• If the fiscal sponsor uses volunteers, is there sufficient insurance to cover them?[5]

• Does the fiscal sponsor have legally approved personnel policies (*Standards 11 and 13*)? Do its human-resource employees have the proper credentials and experience (*Standard 12*)?

Board Governance Standards

The fiscal sponsor must have a highly functioning board. Board members must be active and

continued on page 14

STOP OVERPAYING STATE UNEMPLOYMENT INSURANCE. EXPLORE A SAFE ALTERNATIVE.

State Unemployment levels are now rising in many states, but nonprofit employers can rise above these costs with a clear view.

Call us today before it's too late!
Offer expires 12/15/08

Whether you pay taxes each quarter or already reimburse the state dollar-for-dollar for unemployment benefits, we can help your agency!

Mention this AD and receive a FREE Employer Guide to Unemployment!

To receive a free analysis of your unemployment exposure and see the savings
Visit www.firstnonprofitcompanies.com

First Nonprofit® Companies

Contact us today!

111 N. Canal Street, Suite 801
Chicago, IL 60606
P: 800-526-4352, enter 1
F: 312-648-0325
www.firstnonprofitcompanies.com

Are You Ready to Be a Fiscal Sponsor?

Before becoming a fiscal sponsor, make sure you're complying with the 16 standards discussed in this article. Here are *Nonprofit World* articles (available at www.snpo.org) to help you do so:

- **The Most Likely Lawsuits — and How to Protect Yourself** (Vol. 19, No. 1)
- **Finding the Right Bank** (Vol. 11, No. 4)
- **What Is the Board's Role in Managing Risk?** (Vol. 15, No. 5)
- **How to Avoid Retaliation Claims** (Vol. 21, No. 6)
- **Conflict of Interest in the Board Room** (Vol. 17, No. 2).
- **Setting Up a Control System for Your Organization** (Vol. 16, No. 3)
- **How to Prepare Board Members to Govern Effectively** (Vol. 25, No. 6)
- **Analyze Your Finances to Ensure Your Mission** (Vol. 19, No. 5)
- **Your Duty to Investigate Workplace Complaints** (Vol. 19, No. 3)
- **Six Ways to Reduce Risk & Comply with the Law** (Vol. 25, No. 6)
- **How to Write Excellent HR Policies** (Vol. 24, No. 5)

knowledgeable in overseeing the organization's activities (*Standard 14*). The fiscal sponsor should provide extensive training and development opportunities for its board members.

Infrastructure Standards

The fiscal sponsor needs to have a secure system to track and manage grant funds (*Standards 15 & 16*). ■

Nonprofit World • Volume 26, Number 6 November/December 2008
Published by the Society for Nonprofit Organizations
5820 Canton Center Road, Suite 165, Canton, Michigan 48187
734-451-3582 • www.snpo.org

You could risk losing your tax-exempt status.

Footnotes

[1]Cultural competency is the ability to accept people with different beliefs, work effectively with them, and communicate adeptly across cultures. See "Cultural Competence: What Does It Mean for You?," *Nonprofit World*, Vol. 26, No. 5, www.snpo.org.

[2]More information on Generally Accepted Accounting Standards (GAAP) is available from the FASB (Financial Accounting Standards Board, www.fasb.org), the FASAB (Federal Accounting Standards Advisory Board, http://www.fasab.gov/accepted.html), and the AICPA (American Institute of Certified Public Accountants, www.aicpa.org). More on Federal Acquisition Regulations (FAR) is available at www.arnet.gov/far. For information on Circular A-133, issued by the Office of Management and Budget, see www.whitehouse.gov/omb/circulars. For more on Sarbanes-Oxley, see "The Sarbanes-Oxley Act & Nonprofits: But I Thought That Didn't Apply to Us," *Nonprofit World*, Vol. 22, No. 5, www.snpo.org.

[3]See *Nonprofit World* articles on audit requirements at www.snpo.org, including: "How to Have an Audit without Breaking the Bank" (Vol. 20, No. 4), "Nonprofits without Audit Committees Risk Disaster" (Vol. 22, No. 2), and "How to Find the Perfect Auditor" (Vol. 22, No. 3).

[4]Many *Nonprofit World* articles on insurance for nonprofits are available at www.snpo.org, including: "Does Your Board Need Liability Insurance?" (Vol. 12, No. 6) and "Get the Best Protection for Your Insurance Dollar" (Vol. 24, No. 4).

[5]See these *Nonprofit World* resources at www.snpo.org: "What Are We Doing to Protect Our Volunteers from Lawsuits?" (Vol. 9, No. 4), "Volunteer Protection Act: What Does It Mean for You?" (Vol. 16, No. 2), "Don't Let Volunteers Put Your Organization at Risk" (Vol. 10, No. 1), and "Volunteers: Resource or Risk?" (Vol. 15, No. 5).

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

Gerald Solomon, Ph.D., JD (gsolomon@samueli.org) is CEO of the Samueli Foundation (13200 Crossroads Parkway N. #135, City of Industry, California 91746). A graduate of Boston University and California Western School of Law, he practiced law in the field of civil litigation for more than 16 years before entering the nonprofit sector over 10 years ago.

How to Build a Framework for Strategic Alliances

It's all about trust.

By Joseph C. Santora

You just learned about a large grant that fits your mission perfectly. The only problem is that it calls for two nonprofits to work together. You've never been part of a strategic alliance, and you have lots of questions. How will you divide the grant budget with another organization? Can you trust the other organization's leader to do the "right thing"? To what degree is trust needed to develop a healthy working relationship? Are you emotionally secure enough to forge a relationship with another nonprofit given the risks involved? You can find the answers to these and other nagging questions in the following framework of trust.

Trust Defined

Trust is the reliance on another person's integrity, ability, or character. We can also view trust as an acronym:

T(olerant):	recognizing and accepting differences in another; being broadminded
R(eliable):	dependable
U(nderstanding):	sharing the feelings of another
S(ecure):	feeling safe in the company of another
T(emperament):	being sensitive to the needs of another

Figure 1 (on page 16) provides a framework of trust. This hierarchical framework contains four levels, ranging from level 1, where no trust exists, through level 4, where there's a continual level of great trust. Four criteria for trust are embedded within each level:

- organizational philosophical and goal congruence
- communication and interaction
- organizational and personal reputations
- confidence in the partner's ability to get things done.

Let's look at these four levels in detail.

Level 1: No Trust (No Possible Relationship)

No relationship can be developed between nonprofit leaders if any one of the following situations exists:

Incompatible philosophies and goals. When organizational philosophies and goals are completely incompatible, it's impossible to initiate a meaningful discussion or develop a working relationship. The Klu Klux Klan and the Urban League, for example, couldn't form an alliance because their divergent views present irreconcilable differences.

No lines of communication between leaders. There are so many overwhelming organizational and interpersonal communication barriers that it's impossible to develop a trusting relationship.

Poor organizational and leader reputations. The proposed partner may lack credibility or suffer from a negative public image. The leader may be known as autocratic, inflexible, and unwilling to meet on common ground, all of which are impediments to a strategic alliance.

Lack of confidence in the partner's ability to get things done. The proposed partner may have a poor history of accomplishment. For example, employees may have weak fiscal skills, maintain sloppy records, or submit reports late. A high turnover rate may interfere with the organization's ability to reach its objectives. Signs of unethical behavior are likely to be present.

Level 2: Emerging Trust (Possible Relationship)

It's possible to at least discuss the possibility of forming a partnership if two or more of the following exist:

Fair level of goal compatibility. Here, the two organizations possess some similar philosophies and goals.

continued on page 16

They may be similar in size, structure, and type. For example, they may both be human service organizations.

Fair lines of communication between leaders. Organizational leaders have engaged in some communication and have had limited interaction. While communication barriers may exist, they don't prevent the leaders from communicating and interacting.

Fair organizational and personal reputations. Both leaders have some knowledge about each other. They possess the emotional stability to work together, although they may be a bit skeptical about partnering.

Fair degree of confidence in the partner's ability to get things done. Each leader believes that the proposed partner has some ability to accomplish tasks.

Level 3: Partial Trust (Initial Relationship)

You can begin developing a relationship if at least two of the following conditions exist:

Good philosophical and goal compatibility. Both organizations espouse similar philosophies, and their goals are compatible. They are likely similar in size, structure, and type.

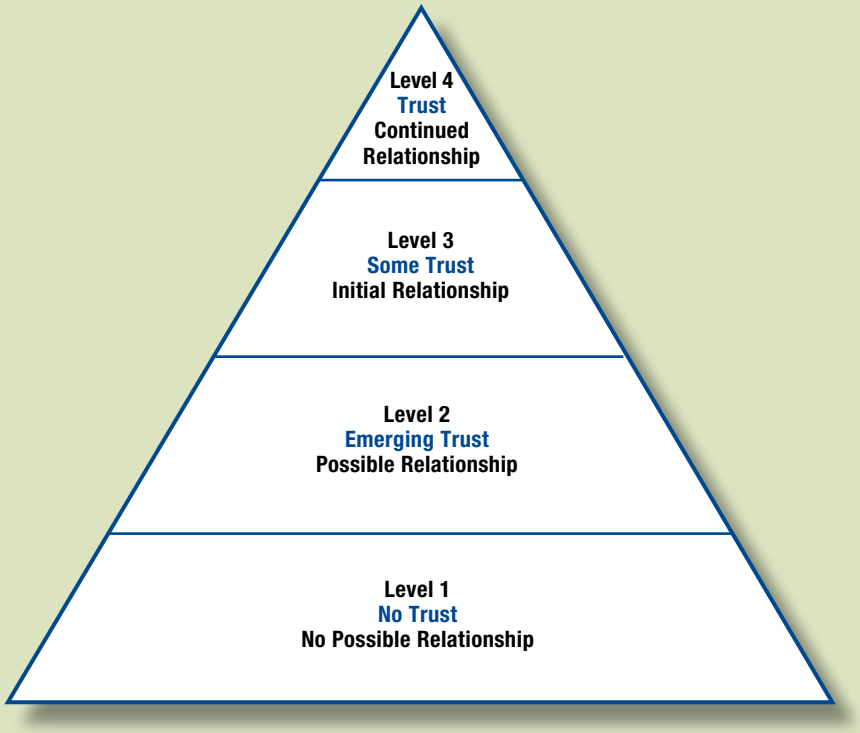
Good communication between leaders. Leaders have interacted, and they communicate effectively with each other.

Good organizational and personal reputations. The leaders know and may like each other, although this is not a major prerequisite at this level. They have limited skepticism about their ability to work together. The organizations are respected within their community, and the leaders possess the emotional stability and maturity to work together for mutual benefit.

Good amount of confidence in the partner's ability to get things done. Each partner believes the other can get things done with some degree of professionalism. They're willing to work together on a project if the stakes aren't too high. Ethical leader behavior is present at this level.

FIGURE 1

A Hierarchical Framework of Trust: Level 1 - Level 4



Case Study of a Strategic Alliance

Alpha and Beta are two ethnically and racially diverse nonprofit organizations located in a major U.S. urban center.* Alpha and Beta offer human service programs to their constituents and are similar in structure, size, and type. (Test 1: Similar organizational philosophies and goals: Passed). Both enjoy good reputations in the community (Test 2: Reputations: Passed).

Each leader knew and liked the other, even though they represented opposite sides of the political agenda and often vied for the same grants. Neither had any experience with a strategic alliance. They were approached by a government official who suggested they work together on a newly funded human service initiative. Initial channels of communication between the organizations were opened. Meetings were held alternatively at each organization's office, requiring weekly interaction between the leaders (Test 3: Communication: Passed).

Once the project began, the leaders appointed key personnel to each other's boards to ensure a steady flow of communication and strengthen trust. After six months, all the project milestones had been met, and both leaders had confidence in their partner's ability to get things done (Test 4: Passed).

At the end of the project, all stakeholders praised the two leaders and cited their alliance as a model for other nonprofits to follow. A few months later, based on their successful track record, another government official asked if they wanted to work together on a new human service initiative. The organizations had reached level 4 in their relationship and subsequently were awarded a one-year grant. At the conclusion of this second project, the two organizations dissolved their strategic alliance, but they continue to have good organizational and personal relationships.

*This case is based on a real situation. The author was a consultant to these organizations. Their names and some situations have been slightly altered to preserve their anonymity.

This level serves as a testing ground to resolve any problems in the relationship. Organizational learning begins to take place at this level, leading to the highest level in the hierarchy.

Level 4: Trust (Continued Relationship)

Leaders can sustain a trusting relationship if any two of the following exist:

Excellent compatibility. The organizations are similar in size, structure, goals, and philosophies. They're also the same type (for example, educational, arts, or human service organizations).

Superb lines of communication and interaction between leaders. Organizational leaders communicate frequently and are comfortable discussing different points of view. Communication channels are always open, and conflict is resolved quickly.

> Trust is the initial condition for the development of a strategic alliance.

Outstanding organizational and personal reputations. Both organizations are deeply rooted in their communities. They enjoy sterling reputations among all stakeholders. The leaders are honest and possess personal credibility and integrity. They enjoy a high degree of mutual respect. Ethical leadership is the rule at this level.

High degree of confidence in the partner's ability to get things done. Organizational leaders have total confidence that all members of the alliance will complete tasks professionally and on time.

After Trust Is Created

Trust is the initial condition for the development of a strategic alliance. To forge an alliance, nonprofit leaders must meet the criteria in at least level 2 of the trust framework. A relationship becomes easier to develop at the third level and can be easily maintained at the top level.

Once trust has been established, you and your partner can build a mutually beneficial relationship. Through a strategic alliance, you can:

- **develop a good public image** for your organization and achieve broader recognition
- **attract additional funding** and reduce budgetary constraints
- **eliminate duplication** of efforts
- **maximize knowledge** by combining the strengths of two organizations
- **help a greater range** of constituents
- **minimize losses** by spreading risks between partners
- **create synergy,** in which the whole is greater than its parts
- **serve as a model** for other organizations seeking to form strategic alliances.

These and many other benefits are yours if you take the leap. But, first of all, take the time to build an environment of trust. ■

Nonprofit World • Volume 26, Number 6 November/December 2008
Published by the Society for Nonprofit Organizations
5820 Canton Center Road, Suite 165, Canton, Michigan 48187
734-451-3582 • www.snpo.org

How to Create a Culture of Trust

To develop an organization with a stellar character and reputation, you need to model four core characteristics of trust:

- **Express conviction.** Know what you believe in, and be authentic in your words and actions.
- **Exemplify courage.** Be willing to act in tough situations despite potential consequences.
- **Extend compassion.** Be sensitive to how your actions affect others. Understand that, given the opportunity, people want to contribute and make a difference.
- **Embody a sense of community in your relationships with coworkers.** Help people understand the underlying meaning in what they do. Make sure they see that they are part of a larger whole.

—adapted from *Trust & Betrayal in the Workplace* (Berrett-Koehler Publishers, www.berrett-koehler.com)

Resources

Campbell, David, "High-End Strategic Alliances as Fundraising Opportunities," *Nonprofit World,* Vol. 19, No. 5.

Sturm, Paul, "Seven Rules of Successful Collaboration," *Nonprofit World*, Vol. 18, No. 2.

Tanzer, Ben, "A Collaboration Checklist: Ten Questions for Success," *Nonprofit World,* Vol. 24, No. 1.

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

Joseph C. Santora, Ed.D. (jsantora@tesc.edu), is dean of the School of Business & Management, Thomas Edison State College, 101 West State Street, Trenton, New Jersey 08608.

Is Your Organization Culturally Competent?

Dealing with diversity is one of your biggest challenges. Here's advice from the field.

By Ramon Del Castillo & John Zalenski

Nonprofits are facing a crisis. They're falling behind in meeting the needs of increasingly diverse communities. As they struggle to become more multicultural, they're discovering that what's needed is a radically new approach.

This new way of thinking raises many challenges. How do you reconcile cultures whose basic premises and values clash? How do you show respect for beliefs unheard of in your philosophy? What if these different views conflict with management ideas ingrained in your organization? Is there a way to accommodate both without sacrificing the integrity of either? How do you address the suspicion, anxiety, and conflicts that arise as you incorporate unconventional elements into your organization?

A pioneering program in Denver addresses these questions and offers valuable guidelines for other nonprofits.

A Journey of Innovation Begins

The story begins in 1974, when the Southwest Denver Community Mental Health Center had to face the fact that its services weren't very relevant or effective for many of the Mexican-Americans and other Spanish-speaking groups in its vicinity. To solve the problem, the center created a bilingual team to develop strategies for meeting this population's needs. The team was later transformed into a clinic under the mental health center's auspices.

> "Sometimes the community is the expert."

As part of this effort, the team, led by **Dr. Ernesto Alvarado**, took the unprecedented step of hiring a *curandera* – a healer in Chicano communities who takes a holistic approach to physical, psychosocial, and spiritual conditions. *Curanderismo*, the art and science of indigenous Mexican and Indian healing, uses rituals, prayers, symbols, herbs, and massage for healing purposes. Alvarado's proposal, bringing *curanderismo* into a publicly funded health center, was the first of its kind.

Diana Velazquez, the first *curandera* to join the team, who went on to become manager of the clinic, had been practicing *curanderismo* in Mexican *barrios*, working in a sort of underground networking system. The center was able to take advantage of her skills because it had already implemented an innovative personnel system.

Dr. Paul Polak, executive director of the center at the time, describes this personnel system as "based on output rather than degrees." The managers defined tasks and then hired the best person for each job, regardless of formal credentials, providing training to fill in gaps in needed skills. Because of this flexible structure, it was possible to look beyond Velazquez's lack of formal training and appreciate the value of her extensive experience and ability to work with people. Following a training regimen, Velazquez was able to blend concepts of community mental health and her Indian/Mexican/Chicano heritage into a well rounded approach to healing.

The clinic was barely up and running before referrals began to pour in. Clientele from a variety of ethnic and racial groups — far beyond the population for which the program was originally intended — requested services. Clearly, this new approach was desperately needed.

As the clinic's leaders struggled to turn their vision into reality, they confronted the same problems every nonprofit faces when incorporating cultural issues into innovation.

You can use their hard-earned lessons in your own journey of cultural change. Here are the keys.

Choose Flexible Management Philosophies

The center's successes can be traced to the management philosophies of the three main players — executive director Dr. Paul Polak, team manager Dr. Ernesto Alvarado, and *curandera* Diana Velazquez. All three see themselves as pragmatists, solving problems by finding what works.

These three leaders agree that clients are best served when they're part of the planning. As Polak says, "Sometimes the community is the expert." Today, Polak continues this management style in his work with one-acre farmers in Asia. After he talks to the farmers and implements their solutions, "people say we are innovative," Polak observes with a smile. "But is that innovative, or is it just stupid not to talk to the people?"

Polak thinks the key to organizational success is a democratic, decentralized style of management. Top managers should be involved in program development and then turn innovation over to the staff.

For innovation to work, Polak emphasizes, systems must be open and accessible. This approach widens the doors for the community to build trust with the organization's employees.

One of the management strengths Polak advocates is the ability to communicate "to ordinary people about an innovation." He feels that through dialogue, anything can be resolved. All three of the key players believe in solid communication as a tool for change.

Alvarado notes that one of his strongest assets as the team manager was his ability to converse professionally in the language of both psychiatry and *curanderismo*. His communication skills helped him form a strong team and deal with the differences in training that team members brought to the table.

Velazquez learned the more formal aspects of management through her longevity at the clinic, working under the supervision of a variety of executive directors and managers, all of whom used their management philosophies in administering clinical services, including *curanderismo*, to community residents. Velazquez sees culture as the basis for the clinic's success: "I think if the manager did not have a good cultural face that the clinic would die."

Weave Culture into the Planning

We can define cultural competency as a set of behaviors, attitudes, and policies that lets people work together efficiently in cross-cultural situations. Incorporating cultural competency into the organization was one of the center's greatest challenges.

When a new element is introduced into an entrenched system, anxiety surfaces. In this case, the *curandera* needed to feel that her work would be respected, but she also had to conform, to a degree, to the regulations. In turn, those who were used to Western systems had to be supportive and adaptable. Finding a balancing point where the healer didn't feel compromised and the system remained legitimate was crucial.

Velazquez used cultural diagnostics to understand clients from

continued on page 20

Are You a Boundary Spanner?

Every culturally competent organization needs boundary spanners – people willing to straddle cultures and bring points of view together. Take this quiz to see if you have what it takes to be a boundary spanner. Give yourself a score from 1 (no, not at all) to 10 (yes, totally) for each question. Then think of ways you can stretch yourself to a 10 for as many questions as possible.

____Do you care about people more than abstractions? Do you make friends outside your own culture? Do you enjoy listening to their stories and hearing about their lives?

____Are you flexible, able to shift position swiftly to adjust to new circumstances?

____Do you respect opinions very different from your own?

____When something no longer works, are you able to abandon it and move on?

____Do you often leave your comfort zone and seek out people who challenge your assumptions?

____Are you a curious person, frequently taking courses, attending conferences, reading about new subjects, and learning new things?

____Do you value communication highly, making an effort to learn all you can about verbal and nonverbal ways to communicate?

_____Do you practice conscious conversation, paying attention to how you speak and listen?

____Are you willing to spend time patiently building relationships?

____Do you consider cultural competency one of the most important issues your organization faces?

____When making decisions, do you make a point of seeking out contrary advice?

____Are you tolerant of the idiosyncracies and imperfections that are part of being human?

____Do you take risks to initiate new ideas?

____Are you a consensus builder and negotiator?

____Do you listen more than you speak?

Steps to Achieving Cultural Competency

Follow these steps to assure that your organization is culturally competent.

- **Assess your organization's level of cultural competency,** and build cultural issues into your plans (including marketing, budgeting, hiring, and strategic planning).
- **Be ready to resolve conflict** and deal head-on with the problems that come with innovation and a merging of different cultures.
- **Educate board and staff members** with practical seminars on cross-cultural understanding.
- **Practice a non-hierarchical management style** that gives people autonomy and holds them accountable.
- **Foster an organizational mindset** that puts value on risk-taking, innovation, and the introduction of new ideas.
- **Incorporate cultural competency** into your organization's mission and vision.
- **Create an organizational environment based on the cultural needs of the community you serve.** As much as possible, integrate their languages and customs into your surroundings so they feel comfortable, welcomed, and at home.
- **Hire people who are culturally sensitive.** Build questions into your interview process to assure that employees are willing to accept beliefs outside their own backgrounds. While not all employees need to be members of minority groups, they should be willing to learn about and embrace other cultures.
- **Invite comments from stakeholders** early in every project. Develop a feedback system that makes it easy for people to add their input.
- **Update your employee handbook and other communications** to include respect for other cultures as a core principle, and reinforce this idea in staff and board orientations.
- **Encourage teamwork** and communication throughout your organization.
- **Create a Web site** that integrates the languages and beliefs of different cultures and that is accessible to all.
- **Train people to speak respectfully with others.** Teach them, for example, to begin statements with "I" rather than "you," "he," "she," or "they" to avoid a perception of blaming.
- **Use a communication campaign** to hear the voices of the community and explain the reasons for changes you're making. Talk to the community's formal and informal leaders.
- **Put a system in place to evaluate outcomes** and document your effectiveness. Solid proof and tangible measures of success help bring legitimacy.
- **Remember that innovation invites innovation.** If you encourage creativity throughout your organization, you'll have an easier time introducing new ideas related to cultural competency.

non-mainstream cultures. Mexican-Americans, for example, may believe their problems are caused by a hex, an evil eye, or a *trisia*, which Velazquez defines as a depression not only in the mind and body but in the soul. They may feel that only a *curandera* can heal such ills.

Velazquez describes one instance in which a client refused to take psychiatric medication because she wasn't *loca* (crazy). Through a blending of culturally specific rituals designed by Velazquez as she communicated with her client, the client agreed to take the psychiatric medication mixed with a *remedio* (tea) and approved by the psychiatrist.

Not everyone at the clinic was required to speak Spanish. But there was always someone on hand with a knowledge of the Spanish language and, whenever possible, the colloquial vernacular.

Employees' ethnicity wasn't as important as their cultural sensitivity. Team members didn't need to believe in the art of *curanderismo*, but they did need to support it as a viable method of healing. For this to occur, the team manager had to hire people who were open to learning.

> Power can be a vicious animal; its harnessing, however, can be a valuable tool.

The team also paid attention to cultural details in planning the environment. From the beginning, the clinic's ambience was culturally relevant to the community. It wasn't the sterile atmosphere that had historically kept Chicanos from entering treatment. Instead, the clinic provided cozy surroundings, including cultural artifacts that created a feeling of belonging for clients.

Velazquez describes it as "a small clinic that looks very much like a home." When you walk in, you can smell beans simmering and bacon frying, because someone's always cooking. When clients arrive, they're offered food and a cup of coffee and greeted in their own language.

Build Trusting Relationships

One of the cultural characteristics Velazquez champions is *personalismo*, the process of building relationships. She knew her relations with others at the clinic were critical, since *curanderismo* deals with power (*poder*) at all levels. *Curanderas* know that power can be a vicious animal; its harnessing, however, can be a valuable tool.

The *curandera* must have a good working relationship with traditional headers. Both must be willing to venture into different

approaches and respect each other's abilities. Trust between the two types of healers is imperative. When Velazquez began at the clinic, she was careful to forge relationships with psychologists and psychiatrists, knowing the level of respect these Western healers possess. At the same time, she built trust with clients by using techniques laden with the values that Chicanos and Mexicanos carry as part of their cultures.

Outreach into the community was an important strategy. Realizing that penetrating the Chicano community was vital, Polak structured a community advisory council that acted as a support system and information feeder during the innovation process. He encouraged staff to develop relationships with community residents and incorporate their input. This collaborative process of including the consumer as part of decision-making was focal in sustaining the *curanderismo* program.

> "I think if the manager did not have a good cultural face that the clinic would die."

As the clinic's executive director, Polak believed that "playing politics" was important in gaining support. He built political inroads with state decision-makers and was careful to let legislators know of the center's plans.

The trust Polak placed in Alvarado and Velazquez was another pivotal tactic. Delegating authority to those with the cultural competency to handle this innovation strengthened the relationship between the clinic and the central administration.

The three leading participants all note the importance of a strong monitoring process. It was essential to amass hard evidence to convince critics they knew what they were doing. As Alvarez points out, trust begins with proof that your theories actually work.

Manage Conflict

The accounts of the three key participants in this case study show that managers must be willing to challenge the status quo and not shy away from their visions. Innovation involves risk-taking and conflict, and sometimes controversial issues are never fully resolved. Effective leaders are able to deal with resistance and communicate effectively with resistors.

It's important to manage conflict in a way that reduces stress on the organization. This can include an educational process wherein critics become more knowledgeable and accepting of an innovation. *Curanderismo* was so foreign a concept to many that educating people was essential. In-service training modules were used to provide cross-cultural training to board, staff, and key players both within and outside the organization.

Polak, Velazquez, and Alvarado all became boundary spanners for the organization. They talked to community residents to receive their input and visited with naysayers to explain the rationale for the changes being made. All three possessed the skills to span different cultures, including the ability to speak with people in ways they understood. Whenever cultures come together, such boundary spanners are essential in reducing conflict and setting a tone of respect between people with different views. ■

References

Cross, Terry et al., *Towards a Culturally Competent System of Care: A Monograph on Effective Services for Minority Children Who Are Severely Emotionally Disturbed*, Georgetown University Child Development Center for Children's Mental Health, gucchd.georgetown.edu.

Gerzon, Mark, *Leading through Conflict*, Harvard Business School Press, www.hbsp.harvard.edu.

Lucero, Aileen, *A Profile of a Curandera and Her Curandera-Treated Clients: The Southwest Denver Community Mental Health Center,* Washington State University, Department of Sociology, http://libarts.wsu.edu.

Perrone, Bobette et al., *Medicine Women, Curanderas, and Women Doctors,* University of Oklahoma Press, www.oupress.com.

Continue Your Journey

For more specifics on becoming culturally competent, see these *Nonprofit World* resources at www.snpo.org:

- **Beyond Diversity** (Vol. 18, No. 2)
- **Managers Must Become Multicultural** (Vol. 20, No. 6)
- **Creating an Inclusive Workforce** (Vol. 24, No. 4)
- **Make Your E-Mails, Web Site, and Faxes Culturally Aware** (Vol. 20, No. 3)
- **What Followers Want from Leaders: Capitalizing on Diversity** (Vol. 25, No. 5)
- **Cultural Competence: What Does It Mean for You?** (Vol. 26, No. 5)
- **Breaking Down Barriers for People with Disabilities** (Vol. 23, No. 2)
- **Designing for Web Accessibility** (Vol. 21, No. 4)
- **The Failure of Diversity Training** (Vol. 18, No. 3)
- **How to Use Your Organizational Culture as a Competitive Tool** (Vol. 20, No. 2)
- **Diversity Is an International Issue** (Vol. 16, No. 4)
- **Opinion Surveys Uncover Cultural Preferences** (Vol. 17, No. 2)

Ramon Del Castillo (delcastr@mscd.edu) is chair and associate professor of the Chicana and Chicano Studies Department at Metropolitan State College in Denver. John Zalenski is a professor, researcher, and public analyst for child welfare programs. This article, adapted from Ramon Del Castillo's doctoral dissertation in the Graduate School of Public Affairs at the University of Colorado at Denver, is based on interviews he conducted in 1997.

Nonprofit World • Volume 26, Number 6 November/December 2008
Published by the Society for Nonprofit Organizations
5820 Canton Center Road, Suite 165, Canton, Michigan 48187
734-451-3582 • www.snpo.org

Retirement Plan CHANGES:

Don't Be a Day Late and Thousands of Dollars Short

The new law goes into effect January 1. Be sure you're in compliance.

By Rick Unser

Nonprofits will soon face new responsibilities in managing employee retirement plans. By January 1, 2009, nonprofit organizations must have a plan in writing for administering 403(b) retirement plans. This is the greatest change in 403(b) laws in 40 years.

What It Means for You

The new law requires nonprofits to ensure that their plans meet heightened IRS rules for plan documents, employee transfers, nondiscrimination compliance, and plan terminations. You must make certain that participants aren't contributing or borrowing more than legally allowed from retirement accounts. You must also be sure that money withheld from paychecks is deposited in a timely manner.

Organizations that fail to comply with these regulations will pay a big price. They'll be subject to IRS penalties of $25 a day (capped at $15,000) and Department of Labor (DOL) penalties of up to $1,100 a day (with no cap). Penalties may also be brought against individuals within the organization who are responsible for the plan's management. Plan participants will suffer the consequences, too: Employee deferrals, which were generally made on a pre-tax basis and have accumulated tax-deferred earnings, would be immediately taxable.

> By January 1, 2009, nonprofits must have a plan in writing for administering 403(b) plans.

What You Need to Do

Steps to meet compliance requirements will vary depending on the type of 403(b) plan you offer your employees: "non-actively-sponsored" or "actively-sponsored" plans. While each plan provides a similar salary deferral opportunity for participants, your involvement as the "sponsoring entity" differs dramatically.

Non-actively-sponsored plans don't have a plan document, don't file a Form 5500, and allow for employee payroll deductions to be invested with the 403(b) provider chosen by the participant.

Actively-sponsored plans are generally administered by a single service provider. There are no participant balances outside of the primary service provider's contract. As the plan's sponsor, you choose the plan's investments. Actively-sponsored plans typically have a plan document in place and file a Form 5500.

Once you determine which type of plan you have, review the appropriate checklist on page 23. Then follow these five steps to chart a path to meet the requirements by January 1.

1. Follow New 5500 Filing Requirements.

When filing a Form 5500, it's important to determine whether you need to submit an audited financial statement. If your 403(b) plan has 100 or more eligible participants, you'll need to do so. Hiring an experienced employee benefit plan auditor will be important in remaining in compliance with the new regulations.

The Department of Labor requires that financial statements report prior year financial information. If you've never filed a 5500, then the year 2009 deadline will be July 15, 2010. You'll need to provide the current value of plan investments, the amounts of employer contributions made to the plan, accounts payable, and accrued expenses as of the end of the plan year.

2. Limit the Choices.

Next, identify all service providers and plan participants. While a plan may include multiple service providers and former employees that

> Now is the time to change the way you view your role.

Non-Actively-Sponsored-Plan Checklist

The new requirements for nonprofits offering a non-actively-sponsored 403(b) plan are more complex than those for actively-sponsored plans. Here are items to review:

Compose a document. Since most plans in this model won't have a plan document, you must develop a written plan and put it in place no later than January 1, 2009. Review existing plans to ensure the necessary information is included to meet the new requirements. Develop or review the document for language specific to:

- *Eligibility*. Due to changes to the universal availability rules, certain classes of employees who were previously excludable may no longer be. The requirements will be satisfied if everyone is eligible to participate.
- *Policies* for distributions, loans, and transfers.
- *Responsible parties.* Identify the individuals responsible for compliance with the various aspects of the 403(b) arrangement.

Review operations. Ensure that day-to-day administrative and operational practices are in line with the language in the new or modified plan document.

Check 5500 requirements. For the 2009 plan year, all 403(b) plan managers must file a full Form 5500 and recognize all assets under the plan. Plans with more than 100 participants must also meet 5500 audit requirements. Start well ahead of the filing deadlines to prevent last minute surprises, which could create delays and subsequent penalties.

Verify service providers. Determine which vendors will be approved under the new plan design. Ensure that operations and service agreements are current. Establish information-sharing agreements with vendors who won't be "approved vendors" under the new plan but still have balances for participants.

Create information-sharing arrangements with all vendors who cover items such as employment status, plan loans, and hardship distributions. Without these sharing agreements, complying with the new regulations will be next to impossible and could jeopardize the preferred tax status of the plan.

are inactive, plan sponsors are obligated to include them in the Form 5500. Information-sharing agreements, while not required, are most likely your only realistic choice to become compliant and stay that way.

Keep it simple by limiting the number of vendors and investment choices you offer participants. While having multiple providers was once the desirable approach, this will only lead to problems under the new regulations, since the complexity of compliance increases with every vendor approved. From now on, less is more.

3. Establish Internal Controls.

As a plan sponsor, you must implement practices, procedures, and policies designed to safeguard the plan's assets from fraud or error and ensure accurate recordkeeping. A plan audit includes careful examination of internal controls, so prudent nonprofits are working now with their auditors to establish proper controls this year.

Taking a "hands off" approach to offering a 403(b) retirement plan under the new regulations is the easiest way to fall out of compliance and could result in large taxes and penalties. Remember, the fiduciary responsibility now falls on plan sponsors. So don't rely solely on a vendor to be responsible for your compliance with ERISA (if applicable) unless the vendor is willing to provide full indemnification.

4. Decide How the Plan Will Operate.

Since the federal government is driving all retirement plans into similar-looking vehicles, more like

continued on page 24

Actively-Sponsored-Plan Checklist

Actively-sponsored plans are subject to the Employee Retirement Income Security Act (ERISA) and are already with one provider who is coordinating the plan data. Thus, requirements are fewer than with non-actively-sponsored plans. But there's still work to be done:

Review the plan document to ensure the rules under the final regulations have been satisfied. Check the following:

- *Eligibility*. There have been changes to the universal availability rules, so certain classes of employees who were previously excludable may no longer be. If everyone is eligible to participate, you have satisfied the requirements.
- *Policies* for distributions, loans, and transfers.
- *Responsible parties.* Identify the individuals responsible for compliance with the various aspects of the 403(b) arrangement.

Review operations. Ensure that your day-to-day administrative and operational practices are in line with the language in your plan document.

Check 5500 requirements. For the 2009 plan year and beyond, all 403(b) plan managers must file a full Form 5500 and recognize all assets under the plan. In addition, plans with more the 100 participants must also meet 5500 audit requirements.

Perform a review with your service provider to assure that your document and operational procedures are aligned with the terms of your service agreement and investment arrangement.

The Driver Behind the Changes

The Department of Treasury is the primary driver behind the changes in regulations. Over the years, oversight of 403(b) retirement plans hasn't been as strong as regulators would like. The current regulations were written so that nonprofits could make arrangements with vendors with minimal effort. The nonprofit often had little involvement other than forwarding payroll contributions to the vendors chosen by their participants.

No Information Sharing Among Multiple Vendors

Many of the problems stemmed from plans with multiple service providers who weren't sharing participant information. With no arrangements to share data, there are no checks and balances on loans, distributions, contribution limits, and other activities. Let's look at a prime example.

An Example

John Smith, a long-time employee of ABC Nonprofit, has balances with three 403(b) vendors in a non-actively-sponsored plan. His balances break down as follows:

- Vendor 1 $100,000
- Vendor 2 $150,000
- Vendor 3 $175,000

John decides to withdraw money to purchase a home. He borrows $50,000 from Vendor 1, then borrows another $50,000 from Vendor 2, and takes a hardship distribution of $100,000 from Vendor 3 (hardships are permissible when buying a primary residence). In addition, John makes his annual payroll contribution of $15,500 to Vendor 1.

From the perspective of each vendor, no rules have been violated. Loans are permissible up to $50,000, John qualifies for a hardship distribution, and the pre-tax payroll contribution is allowable even though John had a loan outstanding.

However, if the vendors had shared information about John, they would have discovered that John had already withdrawn the maximum allowable loan amount of $50,000 from Vendor 1. Subsequently, Vendor 2 would have denied the loan request. Furthermore, if administrators at Vendor 1 knew John had requested a hardship distribution from Vendor 3, they might not have allowed his payroll contribution, because an employee is prohibited from making contributions for at least six months after taking a hardship distribution.

What's even more troubling is that under many current 403(b) arrangements, the nonprofit wouldn't even know these activities were taking place. Going forward, the burden will be on nonprofit employers to ensure systems are in place to monitor their participants' activities and take corrective action as needed.

401(k) plans, many nonprofits that weren't offering an actively-sponsored 403(b) plan with a single vendor have now decided to do so. The relative ease of running one plan versus coordinating vendors doesn't have the strong appeal it did before the change in regulations.

Transferring into plan-level ownership, similar to the way 401(k) plans function, can make administration and recordkeeping simple. It can also give better service and pricing to plan participants though economies of scale on their assets. Once assets have been moved to plan-level ownership and adhere to the ERISA standards, there will no longer be a question as to their tax-qualified status under the new regulations. Using this structure has a number of advantages, including automated recordkeeping, generally lower fees, improved service, and more objective investment information, in addition to compliance with IRS and DOL regulations.

> Organizations that fail to comply will pay a big price.

5. Find an Advisor.

If you haven't yet complied with these requirements, you should quickly and aggressively work with a trusted financial advisor to become compliant by the January 1 deadline. You may have a financial advisor for your existing plan who can manage the process, or you can consult one of your vendors' in-house 403(b) experts and take advantage of their resources. Your CPA firm may also have internal resources and contacts to guide you. And perhaps a local ERISA attorney can help you draft the language in the plan document.

Now is the time to change the way you view your role. With proper counsel, you can ensure the integrity of your 403(b) plan and avoid adverse consequences to your organization and your plan participants. ■

Rick Unser, AIF, QPFC, CRPS (213-689-2392, runser@lockton.com), a benefits professional with more than 11 years working in the retirement market, is a partner in the retirement services practice of the Southern California practice of Lockton Financial Advisors, LLC, and Lockton Investment Advisors, LLC, 725 S. Figueroa, 35th Floor, Los Angeles, California 90017.

Nonprofit World • Volume 26, Number 6 November/December 2008
Published by the Society for Nonprofit Organizations
5820 Canton Center Road, Suite 165, Canton, Michigan 48187
734-451-3582 • www.snpo.org

Are You Ready for the Millennials?

The millennial generation (born 1981-2002) is arriving in the workplace. It's important to integrate millennials (also known as GenY, Gen@, and Generation Me) with the three other, distinctly different generations of workers who are already there (the traditionalists, baby boomers, and generation Xers). Here's how to assimilate and motivate your millennial employees (both paid and volunteer):

- **Give them checklists** and clear instructions. They thrive on structure and explicit directions.
- **Take advantage of their strengths,** which include optimism, teamwork and networking skills, technological savvy, multitasking abilities, a global mindset, and comfort with diversity.
- **Offer plenty of help,** as they often have trouble thinking independently. Remind them of deadlines, and be prepared to help them learn proper workplace etiquette, such as the importance of turning off cell phones during meetings.
- **Reward them for innovating** and taking appropriate risks. They tend to fear taking chances. Remind them they need to make mistakes in order to learn from them.
- **Teach them** how to break problems into more manageable units, make lists in priority order, and decide what information is most relevant to each situation.
- **Recognize their need** for frequent guidance and flexible working conditions.
- **Address their key concerns:** work-life balance, training and development, and social and environmental responsibility.
- **Engage them with frequent feedback** and positive reinforcement. In addition to regular performance reviews, give them informal progress reports throughout the year. Avoid harsh criticism; rewards and praise will work far better with millennials than censure or punishment.
- **Provide them with mentors,** coaches, and training programs to help them develop their skills and rise to higher levels in the organization.
- **Clearly show them the value** and impact of their work and how their job contributes to your organization's mission.
- **Create a collegial and team-oriented culture,** and offer millennials a rich variety of opportunities to learn, grow, and advance their careers.

– adapted from *The Trophy Kids Grow Up*, Jossey-Bass (www.josseybass.com)

How to Get People to Listen to Your Ideas

In his books *Steal These Ideas!* and *Powerlines* (Bloomberg Press, www.bloomberg.com), Steve Cone provides these secrets to winning over donors and other supporters:

1. Make people notice and respond. All successful marketing efforts have three essential ingredients: They're exciting, they create news, and they include a compelling call to action.

2. Don't listen to art directors. Their goal – the most creative graphics possible — is the opposite of yours, which is to get people to actually read your words. Overrule their insistence on using white reverse type on black or colored backgrounds, which they love but which is unreadable.

3. Focus on your most important donors. Typically, the top 1% of donors give at least 500 times more than the average contribution. Do you pay enough attention to these most valuable donors?

4. Learn public speaking. To get your ideas across, you must be a great speaker. Consider hiring a speaking coach for a few months; it will pay off. (For great-speaking keys, read "On Your Feet and Speaking: An Absolute Requirement for Today's Nonprofit Leader," *Nonprofit World,* Vol. 13, No. 5, www.snpo.org.)

5. Remember the most important customer lesson ever learned: People renew the way they were acquired. If they made a first-time gift because of a certain solicitation, that theme is the one they'll respond to in the future. If they gave in December, that's when they're most likely to give again. Make sure to note all such hot buttons in the donor's computer file and keep that memory of what triggered the first gift.

Foundation Giving Up 10%

Foundation giving to nonprofits rose to $41.9 billion last year. This 10% increase followed a 7.1% gain the year before. Contributing to this rise was a 12% growth in foundation assets. The formation of new foundations, while occurring more slowly than in the late 1990s and early 2000s, also helped raise the level of giving (there are now more than 72,000 U.S. grantmaking foundations). Foundation giving is expected to continue to grow modestly despite the challenging economic environment, according to the report (www.foundationcenter.org).

Finding Essential Knowledge

A new online guide provides free access to research on how organizations build relationships with their stakeholders. The Institute for Public Relations' Essential Knowledge Project (http://www.instituteforpr.org/essential_knowledge/) focuses on such topics as trust, ethics, crisis management, and communications.

Over-55 Americans Offer Untapped Resource

A survey by the Urban Institute shows that over 10 million healthy, over-55 Americans neither work at paid jobs nor volunteer, and half of them say they might like to volunteer in the future. Given this untapped potential, nonprofits are missing a valuable opportunity, the study ("Are We Taking Full Advantage of Older Adults' Potential?", http://www.urban.org/tool kit/retirementproject/index.cfm) concludes.

A New Look at Teams

When building teams in your organization, should you focus on creating relationships among team members or links between the team and outside groups? The answer is yes.

Deborah Ancona and Henrik Bresman, the authors of *X-Teams: How to Build Teams that Lead, Innovate and Succeed* (published by Harvard Business School Press, www.hbsp.harvard.edu) argue that we too often ignore external sources as ways to make teams innovative and effective. Take time to communicate with all the groups whose work the team affects, including stakeholders, clients, and tech support. The more you can foster open communication with many different sources, the better your team will be.

How to Be a Good Facilitator

When you need to facilitate a meeting, follow these six steps:

1. Define your role. The facilitator's function is to set a positive tone, clarify the agenda, keep discussion on track, monitor time, ask probing questions, and ensure that everyone has a chance to be heard. You can perform this job yourself, share the responsibility, or recruit someone else to handle it. Experiment with each option, and see what works.

2. State the purpose. Make sure everyone is clear on the group's purpose. Then set a meeting agenda that will move you toward this purpose.

3. Decide how the group will make decisions. Will you use consensus — an agreement everyone can support–or a majority vote?

4. Clarify the rules. Put ground rules in writing, and distribute them to group members. Examples of such rules:

- Start and end meetings on time, and follow the agenda.
- Listen to one another, even when you disagree. Don't interrupt or discredit one another.
- Even if you don't like what's going on, continue to participate and make suggestions for improvement.

5. Make meetings effective. Gaining skill at decision making takes time. As a group facilitator, you can shorten the learning curve by doing the following:

- Help group members clarify or elaborate ideas as needed.
- Hold everyone accountable for following the group's ground rules.
- Call on quiet group members, and set limits on how much "air time" each person gets.
- Help the group recognize all the progress it makes.

6. Follow up. Have the group create action items for each objective that comes out of the meeting. Assign someone to follow through on each item. Ask everyone to write a report, and set a date by which reports are due.

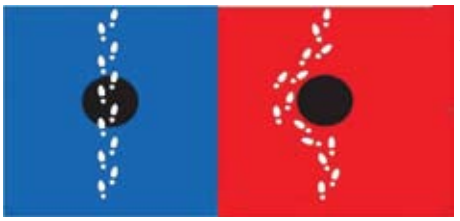
There are plenty of ways to learn more. Check with state agencies, local nonprofits, county extension programs, and colleges for workshops on facilitation. Also see *The Community Leadership Handbook* (www.FieldstoneAlliance.org), from which these steps are adapted.

The Best Way to Measure Leadership

How can you tell who's a good leader? The only way to know for sure is to look *not* at leaders themselves but, rather, at their followers.

Follower behavior, not leader behavior, defines leadership, according to Aubrey C. Daniels and James E. Daniels in *Measure of a Leader* (Aubrey Daniels International, www.aubreydaniels.com). They suggest four criteria of followers' behavior that define good leadership:

1. Followers willingly work toward the leader's goals.
2. Followers make sacrifices for the leader's cause.
3. Followers set guidelines for their own behavior based on what they think the leader would approve.
4. Followers tend to reinforce or correct others so that they also conform to the leader's teachings and example.

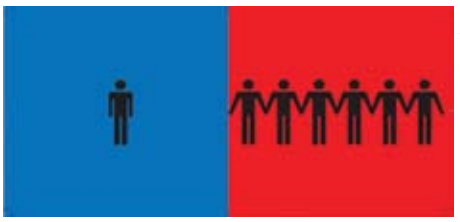


1. Handling of Problems

Cultural Insight

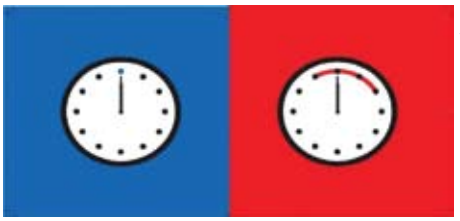
Blue: Westerner

Red: Asian

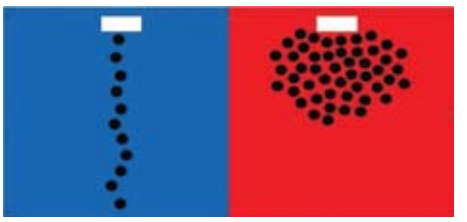


2. Way of Life

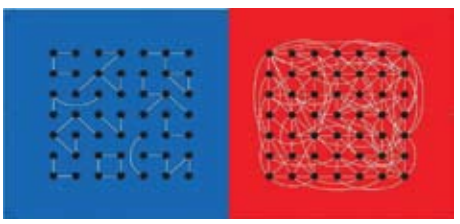
5. The Child



3. Punctuality



6. Queue when Waiting



4. Contacts

7. Moods and Weather

– designed by Liu Young, who was born in China and educated in Germany

Look to Young Professionals for Donations

A new survey shows that young professionals age 25-34 are looking to increase their monetary donations of both time and money to nonprofit organizations. At the same time, those in the 65+ age bracket plan to donate less in the coming months because of the uncertain economy. The survey, by the Grizzard Communications Group (www.grizzard.com), also finds that the most powerful messages to encourage support (1) inform people how their gifts are used by the organization or (2) affirm that their contributions are matched by corporate sponsors.

CEOs Report Alarming Level of Dissatisfaction with Boards

Most heads of midsize nonprofits give their boards low marks for key functions such as raising funds, assessing their own performance, educating the public about the organization, planning, evaluating the CEO, monitoring programs and services, and overseeing the organization's finances. The survey report, "Boards of Midsize Nonprofits: Their Needs and Challenges" (available from the Urban Institute, www.urban.org), suggests three steps boards should take immediately:

- **Assess the criteria** you use to recruit new board members. Make sure these criteria fit with your organization's needs. Recruit well-rounded people with an array of backgrounds and skills.
- **Promote a culture** that encourages all board members (rather than just the CEO and board chair) to help set the board's agenda.
- **Make sure the board regularly evaluates** its own performance.

See these *Nonprofit World* articles at www.snpo.org: "Defining Your Board's Needs" (Vol. 16, No. 1), "How to Develop a High-Impact Board" (Vol. 24, No. 4), "A Board Member Self-Assessment" (Vol. 15, No. 6), "Bring a List of Names to the Next Meeting" (Vol. 24, No. 4), "Tools for Improving Your Board's Diversity" (Vol. 25, No. 5), and "How to Assess and Improve Your Board's Performance" (Vol. 24, No. 1).

Building Creative Communities from the Ground Up

Here are five fresh looks at how nonprofit leaders can revitilize their communities.

By Terrence Fernsler

Community: The Structure of Belonging

By Peter Block. 254 pages. Hardcover. San Francisco, CA: Berrett-Koehler Publishers, www.berrett-koehler.com.

Leadership is about creating a structure for belonging. The challenge, as Peter Block asserts, is to transform isolation and self-interest into connectedness and caring for the whole. Instead of focusing on problems and blame, we can emphasize possibilities and cooperation.

Problem-solving isn't effective in transforming our woundedness. Instead, we must learn to be welcoming while being accountable to each other. We participate in creating our world for better or worse, and each of us has the power to help heal it, but not alone.

The most effective unit of transformation is the small group. Questions facilitate transformation better than answers, and Block suggests compelling queries for your next gathering, such as: How much risk are you willing to take? What doubts and reservations do you have? What have others in this room done that has touched you? The power, Block notes, is in the asking, not in the answers. ■

From the Ground Up: Grassroots Organizations Making Social Change

By Carol Chetkovich and Frances Kunreuther. 215 pages. Softcover. Ithaca, NY: Cornell University Press, www.cornellpress.cornell.edu.

Researchers give much less attention to small nonprofits than large ones, and social-change organizations receive even less. To remedy this situation, the authors of this revealing book studied 16 social-change organizations — groups that transfigure systems by increasing the power of disadvantaged people. They found that many social-change groups have a large reach despite their small size, due to the dedication of staff and constituents.

Leaders of such organizations face problems similar to other nonprofits, but must be especially skilled at setting direction in a participatory way. This book offers keys to doing so on a limited budget, paving the way for grassroots groups to help people become informed, proactive citizens who can make changes for themselves, their families, their communities, and society. ■

The Creative Community Builder's Handbook: How to Transform Communities Using Local Assets, Arts, and Culture

By Tom Borrup. 279 pages. Softcover. St. Paul, MN: Fieldstone Alliance (www.fieldstonealliance.org), available for a discounted price at www.snpo.org.

Arts and culture organizations play key roles in community development. They bolster community identity and increase people's potential to understand themselves and change how they see the world. Such organizations transmit values, bridge cultural boundaries, and stimulate economic development. They trigger innovation that helps communities celebrate their sense of place.

The Creative Community Builder's Handbook presents 10 strategies for community revitalization. The book not only shows how communities can come together to raise appreciation for the unique characters of each place, it also explains how to make a community more sustainable. It walks you through a way of tapping the creativity found in every community, turning it into a place where everyone can thrive. ■

The Community Leadership Handbook

By James F. Krile. 231 pages. Softcover. St. Paul, MN: Fieldstone Alliance (www.fieldstonealliance.org), available for a discounted price at www.snpo.org.

In healthy communities, people work together for the common good and have a hand in creating their own futures. Community leaders must be skilled at doing the following:

Frame ideas for people, helping them see opportunities in ways that result in effective action.

Build relationships marked by trust, reciprocity, and durability.

Mobilize resources by involving people throughout the community, moving them to act in support of goals, and engaging those with access to key networks.

James Krile provides exercises and checklists to help use all these skills effectively. The tools he provides take you step by step through the process of building a healthy community, from identifying issues to realizing goals. ■

Consensus Organizing: Building Communities of Mutual Self-Interest

By Mike Eichler. 271 pages. Softcover. Thousand Oaks, CA: Sage Publications, www.sagepub.com.

Join this experienced community organizer as he describes his journey of discovering and teaching a style called consensus organizing. Consensus leaders, he explains, determine goals through one-on-one conversations and then build strategies cooperatively. You can learn these skills, but doing so requires you to honestly assess yourself.

Mike Eichler adeptly concludes each chapter with thought-provoking questions. Although he provides his own responses (at the back of the book), you'll find it valuable to reflect on these questions yourself.

Eichler shows us how to accomplish more in the long term and unite people rather than divide them. As our society begins to function less divisively and more collaboratively, methods like consensus organizing become vital to understand. ■

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

Connect

More and more donors use the Internet to research their giving. Put your organization's best foot forward—update your GuideStar Information Form (GIF). You'll connect with donors and funders on GuideStar and on dozens of our partner sites across the Web.

To thank you for updating, we'll give your organization one **FREE** seat of GuideStar Premium, a **$1,000** value.

GuideStar Premium is the smart way to put nonprofit intelligence to work—whether you're benchmarking your own organization, dealing with grant proposals, or researching the sector.

Update your GIF now and reap the benefits of GuideStar Premium right away!

GUIDESTAR®

Empowering nonprofits, delivering results. www.guidestar.org/npo

Who's Reading *NONPROFIT WORLD*?

Terry Blackwell, CEO,
Girl Scouts of Kentuckiana

During a mission moment, we share information from *Nonprofit World*'s "Board Room" department.

Terry Blackwell brings her passion to Girl Scouts of Kentuckiana, where she serves as CEO. She previously was CEO of the Connecticut Valley Girl Scout Council. Terry has an extensive resume, including more than 20 years of leadership experience in nonprofit and for-profit organizations. She has worked with children and offered training in youth development and agency growth.

Terry holds a B.A. in Mass Communications from State University at Old Westbury, in Old Westbury, New York, and a Masters of Divinity in Ethics from Vanderbilt University in Nashville. She also holds a certificate in Nonprofit Management from the Center of Nonprofit Management in Nashville.

Terry says: In the course of my busy schedule there are few periodicals I look forward to receiving and reading. *Nonprofit World* is one of these few. It provides a way for busy CEOs, their board members, and staff to stay abreast of best practices in today's fast-paced, changing environment. *Nonprofit World* addresses real situations, provides real solutions, and gives readers easily-applied methods that support staff and board.

***Nonprofit World* is a tool to "one-minute managing and coaching." The articles are a quick read with easily applied principles. I usually dissect the magazine and pass on applicable pieces to each department.**

***Nonprofit World* gives me information to provide two- to five-minute board development opportunities. At each board meeting, we have "mission moments" and "philanthropy moments" that take no more than five minutes. During a mission moment, we share information from *Nonprofit World*'s "Board Room" department. During the philanthropy moments, we share best practices from the "Fundraising Forum" department.**

For example, our board members take pride in their role in thanking donors. The article "How to Energize Your Thank-You Letter" (Vol. 26, No. 2) was perfect. Our board members have full schedules, lots of passion for the mission, and not a lot of time. It is nice to be able to share information with them in 1-2-3 steps that increase their capacity as a high-performing board.