NONPROFIT World

Advancement Through Sharing

27th ANNIVERSARY ISSUE

Volume 28, Number 3
May/June 2010

The Joys of Risk

PLUS

- Accelerating Fundraising through Social Media
- How to Redo Your Contracts in Stressful Times
- Secrets to Finding the Perfect Consultant
- Use Coaching to Retain the Leader's Edge
- Leadership Lessons I Learned from My Son
- Forging Outrageously Successful Relationships

And much more!

The Society for Nonprofit Organizations
5820 N. Canton Center Rd., Suite 165
Canton, Michigan 48187

Published by the Society for Nonprofit Organizations

NONPROFIT WORLD

Editor Jill Muehrcke

SOCIETY FOR NONPROFIT ORGANIZATIONS

President Katie Burnham Laverty

Membership Director Jason Chmura

Advertising:

Genevieve Lyon
Advertising Manager
1-800-773-7798 ext. 3057
glyon@villagepress.com
Village Press, Inc.
2779 Aero Park Dr., Traverse City, MI 49686

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

Balancing risk and reward is every leader's task, but how do you know when it's time to leap into the unknown and when it's time to wait? The founder of a foundation celebrated for its innovative grant-making knows a thing or two about taking extraordinary risks—and thriving as a result. Read his recommendations on page 8.

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 $150. Individual $69. E-Membership $49. **Organizational members may purchase additional memberships for their board, staff, and volunteers at $25/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.**

Willing to Be Disturbed

There are no "windows of opportunity."

Too often, we see people not as they are but as we are. To be effective, however, leaders can't insist on viewing others from their own skewed perspective.

Luckily, a number of astute authors offer insights into how to enlarge your point of view and learn to see the true hearts of the people around you. A fine starting point is *Don't Just Do Something, Stand There!* by Marvin Weisbord and Sandra Janoff, who write that our biggest challenge is "learning to work with one another just the way we are—shortcomings, style defects, prejudices, and all." For more on this absorbing book, see "Stand Back for More Effective Meetings" on page 24.

While the authors focus on a revolutionary way of holding meetings, their philosophy applies to all aspects of leadership. Their core advice—to stop doing so much yourself and instead let others make their own decisions—is the essence of teams, which have proven remarkably effective time and again. (Check out "Coaching Your Team to Improve Performance" on page 26.)

Another source of perspective-enhancing wisdom is *Seeing Systems* by Barry Oshry. What difference would it make, he asks, if we could see the stories of our organizational lives not as isolated events but as parts of a rich tale with form, pattern, direction, and possibility? Learn more in "Unlocking the Mysteries of Organizations" on page 26.

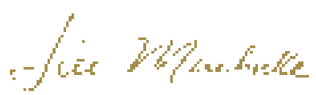
Systems thinking is crucial to creating partnerships (take a look at "The Strategic Alliance Journey" on page 18 and "Secrets to Finding the Perfect Consultant" on page 11). All fruitful relationships depend on seeing things from other people's viewpoints and understanding what drives them, as illustrated in "Can Leadership Be Taught?" (page 28).

The ability to understand how systems work is the mark of a strategic leader. Such a leader is continually growing, learning, and seeking to understand people in all their breathtaking complexity. To see how strategic your intelligence is, take the quick quiz in "Rate Your Strategic IQ" (page 28).

A genius of systems thinking and an eloquent writer on the subject is Margaret Wheatley. In *Finding Our Way: Leadership for an Uncertain Time* and other books and articles, she stresses the importance of treating organizations as living systems. In such systems, there are no "windows of opportunity," she says. Opportunities are infinite. (See "Leading in a Turbulent World" on page 28.)

Taking advantage of possibilities requires a tolerance for uncertainty—a "willingness to be disturbed," as Wheatley puts it. Only when you're friends with doubt and chaos will the great potential of the universe become fully available (turn to "How to Master Uncertainty" on page 26 and "The Joys of Risk," page 8).

It's also imperative to spend time getting to know yourself. "Use Coaching to Retain the Leader's Edge" (page 23) describes how such understanding can help you become more comfortable with the myriad things you can't control.



Jill Muehrcke, jill@snpo.org

FIVE THINGS TO DO NEXT MONDAY

1. **Consider hiring a coach** to hone leadership skills for yourself and others in your organization (page 23).
2. **Commit to the idea of partnering** with another organization. Ask the questions on page 18 to find a good alliance partner.
3. **Plan to use** at least one of the ideas in "Suggestions for Your Next Meeting" (page 24) in an upcoming meeting.
4. **Query yourself** and others on your team with "Key Questions to Keep Asking" (page 28) to stay on the cutting edge.
5. **Diagnose the amount of spirit in your organization** with the "Soulful or Soulless?" quiz on page 15.

A Blackbaud Solution

Inspirational Reading

As an avid reader of *Nonprofit World*, I want to congratulate you on "Helping Donors Choose Your Organization: Using Image Theory to Change People's Minds" (Vol. 28, No. 2). Helping people see how donating to our organization will improve their self-image was a new idea to me, but I could immediately see how effective such an approach will be. I plan to put these tips to use in my organization and look forward to the results. It's an example of how one brief *Nonprofit World* article can—and often does—motivate me to move in a whole new direction.

What I love most about *Nonprofit World* is that it's not just informational, it's *inspirational*. Every time I read through a new issue, I find so many articles, briefs, and of course the "Editor's Page" essay and "Things to Do Next Monday" that inspire me to get started on new things, look at problems in new ways, talk to people about new things.

What I love most about *Nonprofit World* is that it's not just informational, it's *inspirational*.

I always copy and file at least half a dozen nuggets in every issue, and they come in so handy. I try to keep a complete file of all issues of *Nonprofit World*, but it's hard because people are always borrowing them. So many of your articles are characterized by a wonderful timelessness that makes them relevant even a decade later. Recently I looked up a number of the resources at the end of each article [online at www.snpo.org] and was amazed at the trove of treasure there. Strong stuff!

Craig Hanson
Service Solutions
New York, New York

A Friend in Need

I just had to write and tell you how spot-on your Vol. 28, No. 2 issue was for me, especially being my first issue ever. With every page came answers to the exact challenges I've been dealing with as an executive director, from leadership to board commitment to IRS initiatives. The additional resources you include with the articles are awesome too. Thank you for helping me in my hour of need! Great job!

Laine Seaton, Executive Director
Environmental Fund for Arizona
Phoenix, Arizona

A Better To-Do List

I can't tell you how many times I've gotten into discussions with colleagues about subjects in *Nonprofit World*. I especially love the essay that begins each issue (on the "Editor's Page"). It weaves together so many sources and ideas and always inspires me. And I always add at least one thing to my to-do list as a result of "Things to Do Next Monday."

Thanks, *Nonprofit World*. You make me a better leader.

Ed Conrad
CONE Charitable Services
Seattle, Washington

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.

What's the Best Way to Contact Board Members?

How can you find out what's really keeping board members away?

Q: Within our board of directors, there are several who, for whatever reason, have decided not to vote on several items within the last two weeks. Actually, we have received no response at all from 10 people. Yet we know that they received information by mail regarding a board meeting date and location, the hiring of a new business manager, and approval of a new board member.

> These board members may need to be excused from their positions.

Is there protocol we could use to reprimand these board members for not participating? I am afraid they may be deliberately staying away due to "politics" or discontent among board members. Therefore, they may need to be excused from their positions on the board. How should we proceed?

A: The best way to communicate with board members is the good old phone. Call every board member to find out what's going on.

Don't assume you know the reason they're staying away. The reason may have nothing at all to do with the organization. Or folks may be really disenchanted with the way things are going.

After you've called everyone, make appropriate adjustments. You may need to change the meeting time or format or have a very frank discussion at the next meeting about where the organization is going and what seems to be dividing the board. Just in case, be sure to read your bylaws to see if there are any provisions for dismissal based on non-attendance. ■

Carol Weisman, MSW, CSP
President, Board Builders, Inc.
www.boardbuilders.com

How Can You Use Leftover Premiums?

Is a dated premium a good incentive for giving?

Q: One benefit of joining our lowest-level giving club is an ornament with this year's date inscribed. We have some of these dated ornaments left over from last year, and we'd like to send them to a selected group of donors who are close to that minimum level as an incentive to give more (and point out that they'll receive this year's ornament if they renew at the same level or more). Aside from "rewarding" some donors who won't respond, is there a downside to this idea?

A: The only other downside I can imagine—and I suspect it would be quite rare—is that a few such donors might actually live with donors who have upgraded to the premium level. However, I wouldn't be worried about that. All in all, what you propose seems to be an intelligent use of dated premiums that would otherwise go entirely to waste. ■

> We'd like to send dated ornaments as an incentive for donors to give more.

Mal Warwick, Chairman
Mal Warwick & Associates
www.malwarwick.com

Advertisers' Index

Fundraising and the Virtual Call Center

Is the on-demand call center right for you? Use these tips to capitalize on this trend.

By Jim Dvorkin

Many nonprofits use the phone to raise funds for one simple reason. It works.

The challenge is to set up a calling center that meets nonprofits' unique needs. Many technologies are too expensive for the average nonprofit and too inflexible to let organizations quickly increase or decrease the number of people making calls on their behalf.

As a result, more and more nonprofits are taking a look at virtual or on-demand call centers. Such systems offer a variety of advantages over traditional calling centers. They require less office space and resources, make it easier to recruit and train telemarketers, and facilitate fundraising during peak periods.

What Are the Advantages?

Cost Savings

On-demand call centers provide all the features of a traditional call-center operation. The big difference is that you don't need to maintain expensive hardware and software. Instead, an on-demand call center is hosted by the technology vendor and paid for on a per-telemarketer, per-month basis. As a result, you can get a call center up and running without investing large amounts of money upfront, making it possible to put together a professional phone-based fundraising campaign on a small budget. You can focus on working with telemarketers, while the vendor takes care of managing the technology and equipment.

> On-demand call centers eliminate inefficient and wasteful use of capital.

In addition to reduced capital requirements, on-demand call centers deliver other savings over traditional systems, including far lower long-distance charges through Internet-based (VoIP) calling and lower maintenance costs. Your expenses are reduced to the cost of adding a single telemarketer, rather than adding a completely new system.

Flexibility

The seasonal nature of fundraising work makes on-demand call center systems ideal. When you need to gear up and add new telemarketers for a big fundraising campaign, you can simply add a new call-center seat. Once the fundraising campaign is over, you can reduce telemarketer count by any amount without concern for unused capacity or additional fees.

In a conventional situation, call-center software licenses are typically bought in blocks. That means you may need to purchase extra technology for busy periods or have a reserve inventory of technology on the shelf during slow periods. On-demand call centers eliminate this wasteful use of capital.

On-demand call centers also offer geographic flexibility. Your telemarketers, whether paid or volunteer, can work from their homes. This flexibility helps in recruitment and reduces telemarketer turnover. Reporting capabilities make it possible to connect your at-home telemarketers to the same resources, just as if they were all working in one location.

Tips for Selecting the Right Call-Center Solution

It's important to find the right on-demand system for your organization. Here are a few important steps to take before you choose a vendor:

1. Decide exactly how you'll be using the call center—the number of telemarketers you'll hire, where they'll be located, and which of the following features you may need:

- the ability to make outgoing

Nonprofit World • Volume 28, Number 3 May/June 2010.
Published by the Society for Nonprofit Organizations
5820 Canton Center Road, Suite 165, Canton, Michigan 48187
734-451-3582 • www.snpo.org

calls, receive incoming calls, or both.

• customer-relations management (CRM) tools, which create two-way exchanges with customers to give you information about what they want and help you anticipate their needs.

You can get a call center up and running without investing large amounts of money upfront.

• predictive dialing, a technology that automatically dials telephone numbers, adjusting the calling process to the number of telemarketers it predicts will be available when someone answers the phone.

• automatic number identification (ANI) (also known as caller ID), which displays the phone numbers of calling parties.

• interactive voice response (IVR), which lets a computer detect voices and touch tones and respond with pre-recorded messages, directing people to press certain numbers on their phones to signal their wishes.

• real-time reporting, a software tool that provides real-time performance information for a network of telemarketers so that they can respond to rapidly-changing conditions.

• call scripting, which gives your telemarketers a series of consistent ways to respond to predictable questions.

• computer telephony integration (CTI), which coordinates telephone and computer interactions.

• automatic call distribution (ACD) and skills-based routing—technologies that assign incoming calls to the most suitable telemarketer.

• call recording software, which automatically records phone calls directly to your computer.

2. Check what potential on-demand vendors can offer.

• Ask potential vendors to let you speak to some of their customers who are using call centers in the ways you expect to use yours.

• The quality of Internet-based calling varies with different vendors. Be certain you'll receive business-quality VoIP.

• Determine how easy it will be to learn the new system and how telemarketers will be trained.

• If you'll be linking multiple locations or at-home telemarketers, decide what tools exist for them to interact with one another and for management to monitor and assist them.

It's important to find the right system for your organization.

• See how potential systems will integrate with your other programs.

• Check to see if you can use the new system with your existing 800 phone number.

• Find out what support each vendor will give you and your telemarketers. Support offerings may include, for example, free 24/7 phone or e-mail support, comprehensive online FAQs, training, and manuals. ■

Jim Dvorkin is CTO of Five9 (www.five9.com), a provider of on-demand call-center software for telemarketing, customer service, and business continuity. The award-winning Five9 Virtual Call Center and Predictive Dialer serve customers of all sizes on five continents.

Creative Fundraising Ideas

Get a Clue! Pique Interest with a Scavenger Hunt

Looking for a fresh idea that goes beyond the traditional fundraiser? A scavenger hunt, either indoors or out, is a fun adventure that can also teach participants more about your organization based on the clues you use. Find scavenger-hunt resources at these Web sites: www.watsonadventures.com, www.thegogame.com, www.scaventures.com, www.drclue.com, www.scavengerhuntanywhere.com, www.teambuildingusa.com, www.cityhunt.org, www.scavenger-hunt-idea.com, www.mymysteryparty.com.

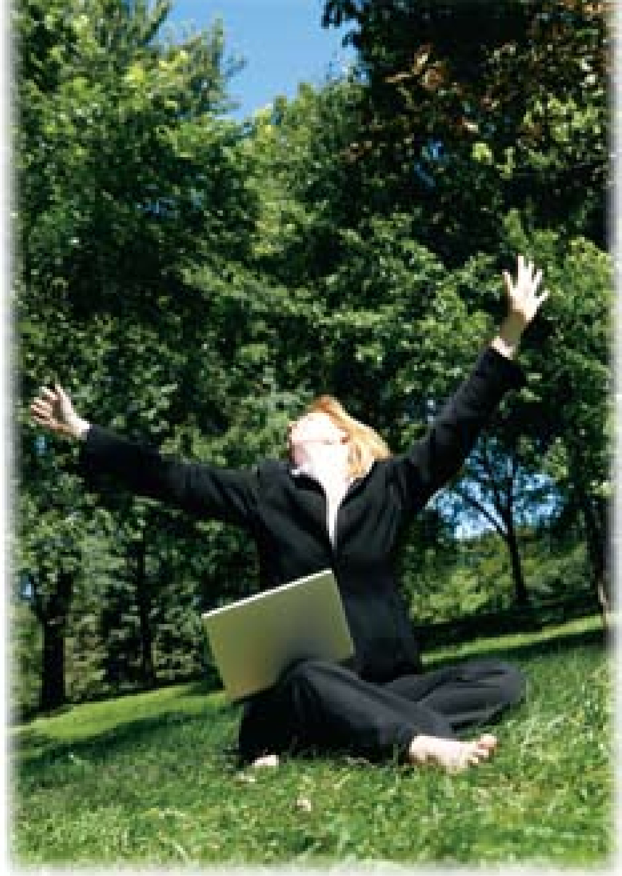
Add a Twist with Box Lunches

Years ago, ladies would create box lunches, and gentlemen would bid on them for a chance to enjoy the food as well as the company of the preparer. At the Hearts of Gold Cantaloupe Festival & Fair in Fallon, Nevada, local dignitaries assembled lunches, and residents bid on each lunch for a chance to eat with the person who prepared it. The box lunch social raised $1,700 for the Boys & Girls Club of Fallon. For more creative fundraising ideas, see "Special Events Galore!" (www.stevensoninc.com).

Attract Wealthy Donors

If you want to attract people of means to your organization, focus on events that capture their attention, while keeping your mission in mind. Here's a sampling of fundraising events that appeal to people of wealth: fashion show, art exhibit, seminar on exotic travel, gourmet food event with chefs, golf classic with a unique twist, celebrity speaker, reception for Harley Davidson owners, wine tasting, string quartet performance and reception, black tie gala, estate planning seminar, cooking demonstration, reception for visiting dignitary. ■

The Joys of Risk



An expert on creative grantmaking shares lessons he's learned about embracing risk.

By Bill Somerville with Fred Setterberg

Philanthropy thrives on risk. As the executive director of the Philanthropy Ventures Foundation, I believe it's risk that fuels our grantmaking engines. And yet risk terrifies most foundation executives and boards.

That's because one possible outcome of risk-taking is failure. And more than most institutions, foundations dread acknowledging their shortcomings.

I'm not advocating risk for its own sake. When grantmakers embrace risk, it's because they perceive an opportunity to make changes that would otherwise prove impossible. Risk-taking in philanthropy is chiefly a matter of summoning the courage to question old ways and try something new.

Putting the "Venture" into Venture Philanthropy

"Venture philanthropy" is a term I've been using for more than 20 years. What I'm really talking about is grantmaking characterized by

- creative ideas
- potential for high-yield impact
- thorough research and abiding relationships.

Nonprofit World • Volume 28, Number 3 May/June 2010.
Published by the Society for Nonprofit Organizations
5820 Canton Center Road, Suite 165, Canton, Michigan 48187
734-451-3582 • www.snpo.org

> "Chance favors the trained mind."
> –Louis Pasteur

Let me express the essence of such philanthropy in a single world: *Trust.* Trust is the indispensable factor in making philanthropic risk acceptable. It's what provides balance and confidence when outcomes are uncertain.

Where does trust come from? Experience. Experience with applicant organizations that ensures knowledge of their aims and accomplishments. And how do you gather experience? You get out of your office and into the field.

The main reason philanthropists prove so timid in their grantmaking is they lack the basis for wisely calculating risk. They fail to cultivate deep, varied, and continuing experience in the field.

Trust, derived of experience with outstanding nonprofit leaders: These are the elements of philanthropy at its most vital and creative.

> Intuition is the voice that emerges from a lifetime of learning.

Risks I'm Glad I've Taken

I know when I'm taking a risk. I feel slightly on edge, a bit uneasy. I'm aware I've made a decision to support an unproven project, and as a result, our foundation could fall flat on its face. It's not a feeling I relish. But I realize it comes with the territory.

I also know when I'm not taking enough risks. I feel *too* comfortable. That's when I know it's time to stick my neck out.

What does risk-taking look like at Philanthropic Ventures Foundation (PVF)? Here are some grants we made that most foundations wouldn't have touched:

- PVF awarded a Latina journalist $10,000 to use at her discretion to benefit Oakland's Spanish-speaking community. The funds ended up supporting a variety of opportunities: a field trip for a youth leadership group; emergency aid for two immigrants who had become victims of street crime; a Spanish-language training program to introduce nonprofits to local grantmakers—a program now offered regularly by our local Foundation Center.

> "When success is assured, an organization becomes inert."

• PVF made two grants of $17,000 to cover the salaries of two immigrant mothers so that they could help other immigrant parents understand the challenges their children faced in school. Neither woman had formal training for their positions. Without PVF funding, the schools would never have taken the chance of hiring them. Yet over time, the benefits accrued to the students, families, teachers, and the two women have proved enormous. Taking this risk also pointed PVF in a useful new direction: To date, we've made over $100,000 in similar grants.

What led us to assume the risks embedded in these grants?

• I knew the community and the problems people routinely faced there.

• I trusted the people recommending support.

• I met with the individuals directly involved with the project before funding them, and I had a good feeling about each one.

In other words, I relied on both my head and my heart. My gut feelings, my intuition, played a key role in approving each grant.

Over the years, I've come to think of intuition as an indispensable tool. Intuition is the voice that emerges from a lifetime of learning, telling us Yes or No long before we can state precisely why.

We ignore our intuition at our own peril. Without well-founded trust in our own instincts, we lapse into paralysis.

Are Grants to Individuals Illegal?

I frequently talk with other foundation officers who inform me that PVF's grantmaking to individuals is a breach in federal regulations and poses a grave risk of censure from the IRS. Foundations, they explain, cannot make grants to individuals.

They're wrong. Federal law states that grants be used exclusively for charitable purposes. Over the years, the concept of charitable purpose has morphed into the 501(c)(3) tax-exempt nonprofit organization. In the eyes of most foundations, they're synonymous.

Yet charitable purpose and charitable organizations aren't the same. Individuals engaged in charitable work can also qualify for foundation support. Consider these grants we made to individuals:

• A social worker called me about a 16-year-old girl in foster care who had located a part-time job and enrolled in summer school. But she didn't have money for transportation. PVF paid for her bus pass.

• A clergyman told me about a young mother and daughter in a battered-women's shelter. They feared leaving the shelter for even a few hours. We paid for a cell phone that kept them in contact and provided a link to the police.

• A sculptor approached us for support on a public art project. We paid him a stipend for the time required to complete the installation.

All three grants depended on personal recommendations from outside our staff. Nonprofit agencies helped in their application, oversight, and evaluation.

How did our risk-taking with individuals turn out? The teenaged girl finished her summer courses, kept her job, and went on to graduate. The mother and daughter remained safe, relocated to another community, and started new lives free from violence and intimidation. And the sculptor—well…he never finished his project. He took the money and ran—the worst possible outcome.

> Imagine if we could consult an annual *Big Book of Failure.*

It happens. Not often. But some risky ventures unravel. It's better to face this hard truth from the start.

Of course, I did learn something valuable from our experience with the disappearing sculptor. The next time I fund a public art project—and there *will* be a next time—I'll establish a clearer set of benchmarks, meting out funds in small amounts, thereby helping the artist pass through the frustrations of creation with the lure of the next payment.

It will still be a risk. But risk is something foundations are uniquely equipped to undertake. I believe it's irresponsible to do otherwise. If foundations can't take risks, nobody can.

Failure and the Fear Factor

On the wall above my desk, I've pinned a note card reading: "When success is assured, an organization becomes inert. It lacks the ability to become a self-correcting institution." In other words: We learn from our mistakes.

> Trust is the indispensable factor in making philanthropic risk acceptable.

Yet in grantmaking, we can pretend we don't make mistakes. Year after year, we can make middling, unimaginative grants, budging the world not one iota closer to a better place, and yet we don't go out of business, lose our jobs, or sacrifice our position and power. Nobody can compel us to learn from our failures unless we want to.

But isn't it as important to know what *doesn't* work as what does? Imagine if we could consult an annual *Big Book of Failure*, describing the pitfalls of various grantmaking strategies. Think of the time, energy, and money we would save.

Personally, I'd like to see the Council of Foundations cap off its annual meetings with a session trumpeting our collective shortcomings. I'm looking forward to the time when foundations jazz up their annual reports with "This Year's Three Biggest Mistakes."

Bill Hewlett, co-founder of Hewlett-Packard, used to tell his engineers that if they didn't produce

continued on page 10

any failures, they weren't doing their job right. That's a lesson we should all take to heart.

Final Requirement for Risk-Taking: Self-Knowledge

When I feel something strongly, you can read all about it on my face. I'm particularly emotional about philanthropy. Sometimes, I'll find myself choking up in the midst of a public speech about one of our projects. But that's me—neither good or bad, but simply the way I'm constructed.

The important thing is that I know enough about myself to realize that my emotional responses accompany me into every venture. That's particularly true when it comes to taking risks. If I didn't factor in my emotions, I might not recognize that my strong feelings could make people uneasy and cut off communication. Or I might fall prey to "rescue funding"—tossing a financial line to a charitable ship that's destined to sink.

I don't try to tamp down my feelings or attempt to be somebody else. I know it would prove futile. I am who I am: virtues, vices, and everything in between.

> Without well-founded trust in our own instincts, we lapse into paralysis.

So let me offer one final rule for philanthropic risk-taking. *Know thyself*—so that you can have a clear vision of how to be helpful in changing the rest of the world. That's one of the soundest ways of minimizing, or at least, managing risk. ■

Bill Somerville is a nationally recognized expert on creative grantmaking. He has consulted at over 350 community foundations in the United States, Canada, and the U.K. on innovative grantmaking and effective operations. In 1991 he founded Philanthropic Ventures Foundation (www.venturesfoundation.org), which specializes in responsive approaches to grantmaking, such as "paperless" discretionary grants and grants with a 48-hour turnaround. Fred Setterberg is the co-author of several books about the nonprofit sector and philanthropy, including Grantmaking Basics *with Colburn Wilbur and Barbara Kibbe and* Beyond Profit *with Kary Schulman. This article is excerpted from* Grassroots Philanthropy: Field Notes of a Maverick Funder *(Heyday Books, www.heydaybooks.com, and Amazon.com).*

Secrets to Finding the Perfect Consultant

How can you assure a rewarding consultant experience? Add these checklists and guidelines to your tool kit.

By Larry Checco & Kathleen Rae King

To be successful, the relationship between client and consultant must be a partnership, built on mutual respect, trust, and understanding. Some basic principles will help you lay a solid foundation.

What to Look for in a Consultant

When seeking a consultant, ask:

Does the consultant's expertise match your needs? Check how long prospective consultants have been working with nonprofits and if they've worked in the specific area in which you need help.

Does the consultant have the right personality to work in your organization's culture? You want someone who fits into your organization's work style and environment.

Is the consultant a self-starter who can maintain momentum, usher you through the process, and keep you on task? Good consultants are resourceful enough to resolve issues on their own while keeping you apprised of the progress being made.

Can this person take ownership of the project? Look for someone who'll meet deadlines and help you meet your own time lines.

Does the consultant show leadership and the ability to exercise influence over your organization's decision-makers? Is this someone whom others in your organization will feel confident about and take direction from? If your consultant is good in every other area but lacks this characteristic, things aren't likely to go well.

Do you want the consultant to work on-site? Many consultants prefer to work out of their own offices. Discuss this issue in your initial contact with any consultant you consider hiring.

> You may need a fresh perspective that only an outsider can bring.

Is this someone who'll help you articulate and define your task? Your consultant must be a champion for your goals and also provide new insight.

Can you trust your consultant to use sensitive information confidentially?

Will the consultant deliver a product tailored to your needs? You want someone who listens, learns, then meets your specific needs.

Is this someone with an interest in your organization's mission and goals? If not, then you definitely have the wrong person for the job.

Are You A Good Client?

Many clients draw a blank on this one. Because they control the purse strings, clients can overlook the fact that true partnerships are two-way affairs. Both partners need to meet each other's needs on many levels. Here's how to be a good client:

Have a stake in the project. A consultant wants to know that the project is a priority for the organization, something to which people are eager to devote their energy.

Have a budget. You'd be surprised how often someone hires a consultant before securing a budget for the project. Budgets define project scope, and a consultant needs to know how much time and effort to devote.

- **Make the consultant feel welcome.** Keep in mind that consultants are strangers to your organization. Introduce them to staff and board members. Furnish them with your organization chart, including contact information, and give them a tour of your facilities.
- **Provide ample resources, such as background material.** But don't overwhelm the consultant with tangential information.

Be responsive. Return phone calls quickly, or assign a staff person to do so.

Be communicative. Consultants can't know if they're delivering what you want unless you communicate every step of the way. Set up a process whereby you provide feedback at various stages of the project.

continued on page 12

Nonprofit World • Volume 28, Number 3 May/June 2010.
Published by the Society for Nonprofit Organizations
5820 Canton Center Road, Suite 165, Canton, Michigan 48187
734-451-3582 • www.snpo.org

Figure 1. SAMPLE CONSULTANT CONTRACT

AGREEMENT BETWEEN [CLIENT'S NAME] AND [CONSULTANT'S NAME]

This Contract is made this ___ day of [MONTH], [YEAR], between [CLIENT'S NAME] and [CONSULTANT'S NAME], hereinafter referred to as the Contractor,

WHEREAS, [CLIENT'S NAME] desires to engage the Contractor's services, and the Contractor desires to accept such engagement;

NOW, THEREFORE, in consideration of the foregoing and mutual promises, covenants and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

A. Services to be Provided. [Be specific in describing what you want your consultant to do. The time spent defining your requirements will mean fewer headaches later.]

B. Products: (Deliverables). [Detail all deliverables and dates to be delivered. An example follows.]

(1) Deliver a final Report (three hardbound copies and one copy of text on an IBM PC-compatible diskette using Microsoft Word 7.0 no later than (date) and in accordance with the requirements of the contract.

(2) Provide progress briefings at [specify intervals].

(3) Provide an exit briefing covering the essentials of the report, as well as answering all questions pertaining to the findings and recommendations.

All deliverables shall be camera-ready original work suitable for duplication. [CLIENT] shall have the sole and exclusive right to determine the acceptability of the services provided by the Contractor.

C. Compensation. As compensation in full for all services to be performed by the Contractor pursuant to this Contract, [CLIENT] shall pay the Contractor in accordance with the following payment schedule. [Provide terms of payment schedule.]

D. Travel and Maintenance Expenses shall be preapproved by [CLIENT] and will be reimbursed in accordance with [CLIENT'S] travel and maintenance policies.

E. Payment will be made by [CLIENT] within 30 days after receipt of Contractor's itemized invoice, certified to be true and correct, and provided that all respective requirements of the Contract have been met to the satisfaction of [CLIENT] Representative. Invoices shall be submitted to the attention of the designated [CLIENT] representative.

F. Independent Contractor. The Contractor is furnishing its services hereunder as an independent contractor, and nothing herein shall create any association, partnership or joint venture between the parties hereto or any employer-employee relationship. Also, the Contractor shall be responsible for the payment of all applicable taxes associated with the compensation paid hereunder.

G. Termination for Convenience. [CLIENT] may terminate this Contract by written notice at any time (or with ___ days' notice) prior to completion of the Contract upon determination that such termination is in the best interest of [CLIENT]. In the event of such termination, the Contractor agrees to cease immediately all work and turn over all work product to [CLIENT]. The liability of [CLIENT] shall be limited to payment of an equitable amount for services rendered prior to the effective date of termination, determined upon the basis of the relationship between such services and total services required to be performed hereunder had the Contract not been terminated.

H. Termination for Default. [CLIENT] may terminate this Contract by written notice to the Contractor if the Contractor fails to perform or defaults in any manner in the performance of this Contract in strict accordance with its terms or fails to cure any breach after receiving a Show Cause Notice identifying the failure, and providing the Contractor ten days to cure the failure or nonperformance. In the event of such termination, the Contractor agrees to cease immediately all work and to turn over all work product to [CLIENT]. [CLIENT] shall have no liability to the Contractor in the event of termination hereunder except to pay the Contractor for services rendered prior to the effective date of termination for default, such payment to be determined based on the same formula as set forth above.

I. Indemnify and Hold Harmless. [CLIENT] shall save, indemnify, defend and hold the Contractor harmless of and from all liability, loss, cost or reasonable expense arising from bodily injury, death or property damage incurred as a result of any negligent act or omission of [CLIENT], its agents, or employees arising from or relating to [CLIENT] under this Agreement. However, in no instance will [CLIENT] be responsible to the Contractor in any way for an act or omission of the Contractor's employees, agents or invitees. The Contractor shall save, indemnify, defend and hold [CLIENT] harmless of and from any and all liability, loss, cost or reasonable expense arising from bodily injury, death or property damage incurred as a result of any negligent act or omission by the Contractor, his/her agents, employees or invitees arising from or relating to Contractor's performance under this Agreement. However, in no instance will the Contractor be responsible to [CLIENT] in any way for an act or omission of [CLIENT'S] employees or agents.

J. Insurance The Contractor shall be responsible for providing his/her own worker's compensation, product liability, and property damage insurance as required.

K. Assignment. This contract shall not be assigned or the services shall not be subcontracted by the Contractor without the prior written consent of [CLIENT], which consent shall not be unreasonably withheld.

L. Confidentiality. [CLIENT] and the Contractor acknowledge and agree that if during the term of this contract confidential information is disclosed by one party to the other, each party shall hold all such confidential information in the strictest confidence as a fiduciary and shall not voluntarily sell, transfer, publish, disclose, display or otherwise make available to any third persons such confidential information or any portion thereof without the express written consent of the other party. [CLIENT] and the Contractor shall each use their best efforts to protect the confidentiality of all such information consistent with the manner in which they protect their most confidential business information.

M. Title to Deliverables. All intellectual property created, developed, modified, or expanded by the Contractor pursuant to this Agreement shall be the sole property of [CLIENT]. All rights, whether protected by patent, trademarks, copyright, trade secret, or unprotected shall belong to [CLIENT]. The Contractor shall assist in obtaining the necessary protection for such rights when so requested.

N. Sole Agreement. This Contract constitutes the sole agreement between the parties hereto and no amendment, modification or waiver of any of the terms and conditions hereof shall be valid unless in writing. Any prior oral or written agreements shall not be considered a part of this agreement.

O. Disputes. Disputes arising from this contract shall be settled by an arbitration panel. The panel shall be constructed by each party selecting one arbitrator and those two then jointly selecting a third and final panel member.

P. Notices. All notices given or required hereunder shall be deemed sufficient if sent by United States mail, postage prepaid, to the addresses of the Contractor and [CLIENT] specified in this Agreement, unless either party hereto shall specify to the other party a different address for the giving of such notices.

Q. Tax Exemption. [CLIENT] is a nonprofit public corporation exempt from the payment of sales and use taxes.

R. Contracting Officer Representative Appointment. The Client Representative for this contract is [NAME OF REPRESENTATIVE]. The Contractor shall report directly to the representative designated by the contracting officer representative and will submit all deliverables to same. The Client Representative is responsible for working with the Contractor, reviewing, approving and accepting the Contractor's deliverables, reviewing and certifying Contractor invoices for payment, and monitoring this contract.

S. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of [NAME OF STATE WHERE CONTRACT WILL BE EXECUTED].

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized officers, have executed this agreement as of the date first above written.

Agreed to by (Name of consultant)

Address ____

____

[Consultant's signature, date]

Agreed to by (Name of client)

Address ____

____

[Client's signature, date]

General Counsel Review and Approval Date:__________________

Pay on time. Because many consultants are their own bookkeepers, tracking down an unpaid invoice takes time and can cause hard feelings. Thirty days from the date an invoice is received is standard unless other payment arrangements, such as payment upon product delivery, have been made. At the same time, don't pay before the work is done.

Where to Find a Consultant

Most cities are awash in consultants. If you're in a small town or rural area, locating a good consultant may be harder. Once you've found someone you'd like to work with, however, distances become almost irrelevant. Telecommunication technologies, including e-mail, fax, phone, and teleconferencing, keep down meeting, travel, and work costs.

> An inexpensive way to make initial contact is through video conferencing.

One place to begin your search is in the classified pages of magazines that target the nonprofit management community, such as *Fund Raising Management, Chronicle of Philanthropy, NonProfit Times,* the publications of ASAE and the Center for Association Leadership (www.asaecenter.org), or the Society for Nonprofit Organizations' *National Directory* online at www.snpo.org/directory/index. Other good places to search are:

- Association of Fundraising Professionals (AFP), 800-666-FUND, www.AFP.org
- BoardSource, 800-883-6262, www.BoardSource.org
- Your local United Way or organizations similar to yours for referrals to consultants with whom they've worked successfully. Check your local telephone directory.

Requests for Proposal (RFPs)

If your project is significant in size and scope, it may be best to develop a request for proposal, or RFP, and send it to prospective consultants. An RFP is a detailed description of your project's goals and the expertise you require. Creating an RFP offers several key advantages:

It forces you to focus on your objectives, conduct necessary research, and gather background information you can later pass on to the consultant.

It provides a framework from which the consultant can take direction and begin work.

Consultants who respond to an RFP will share their initial ideas. As a result, you may discover more about what you need to achieve your goals.

The downside of writing an RFP is that it takes time and energy. Therefore, reserve RFPs for large, multiphased projects.

When you send out an RFP, accompany it with a brief cover letter outlining:

- **the kind of expertise** you're seeking
- **expected start and end date** for the project
- **the scope of services** you require
- **a request** for credentials and qualifications
- **how you would like the consultant to respond** to your RFP—for example, a phone call, a written response, by e-mail, or at a scheduled meeting.

Selecting a Consultant

Review each resume or RFP. Do applicants have the experience you need? Are they familiar with your organization or have experience working with similar organizations? What's their track record for success?

> Once you've found a consultant, distances become almost irrelevant.

Call references. Ask pointed questions about the applicant's quality of work and personal characteristics.

Meet face-to-face with those you're interested in hiring. Generally, consultants will meet with you once or twice at no charge.

> A contract can be anything you want it to be as long as both parties agree to it.

Include a few board members in the selection process to ensure board buy-in.

Writing a Contract

A contract can be as simple or complex as you'd like. Just be sure it clearly articulates the "scope of services," including: outcomes, benchmarks, time lines, payment procedures, and copyright ownership of the work product. Also include a withdrawal clause so that if your partnership turns sour, you can get out of it. (See the sample contract in Figure 1.) ■

Larry Checco is president of Checco Communications (www.checcocomm.net, larry.checco@verizon.net) and author of Branding for Success: A Roadmap for Raising the Visibility and Value of Your Nonprofit Organization. *He is a nationally known speaker, trainer, and branding consultant. Kathleen Rae King is director of development for the American Chemical Society (www.chemistry.org/gifts). She has raised money and provided leadership for the arts, human services, emergency relief, and chemical science for nationally recognized organizations.*

Resources that Can Help

(available at www.snpo.org/members)

How to Choose and Work with a Consultant (Vol. 10, No. 2)

Outsourcing in the Nonprofit Sector: A Strategic Approach to the Challenges of Growth & Staffing (Vol. 15, No. 5)

The Logic of Consultant's Fees (Vol. 10, No. 5)

Play to Your Strengths: Using Outsourcing for HR Needs (Vol. 17, No. 1)

Has Your Organization LOST ITS SOUL?

How the Economy Is Stealing Our Spirit – And What to Do About It

Surviving the troubled economy doesn't mean huddling in fear. The real answer is to turn apathetic managers into high-performing ones.

By Stephen Long

Values such as teamwork and mutual support fly out the window when people are preoccupied with survival. Workers today are anxious about the economy. Fear permeates the organization, touching every department and person.

It's natural to become disengaged and mechanical—to focus solely on survival—when faced with an unstable economy. As a result, a generation of spiritless managers is shaping the culture and building soulless organizations.

Who Is the Spiritless Manager?

These new managers exhibit no passion in their work. Driven by fear of making mistakes, they can only follow the blueprint set forth by a rigid strategic plan. Unwilling to adapt the plan, they overlook opportunities along the way. They depend on hierarchy for power, which further entrenches survival instincts. They're callous, lacking empathy and purpose, and likely to cut corners through corruption and fraud.

Spiritless managers squander resources for short-term survival at the expense of long-term growth. They create resistance and apprehension within the workforce, gaining compliance but not commitment.

What's the Soulless Organization Like?

Soulless organizations are filled with people who are satisfied in their professions—just not their jobs. As one manager stated, "I love my field and enjoy going to professional conferences, but the information I get from those meetings never seems to be applied in our workplace."

> A generation of spiritless managers is shaping the culture.

Workers in soulless organizations care about their personal agendas rather than organizational goals. A compelling vision and breakthrough strategy are wasted on them. Detached from one another and resistant toward organizational initiatives, they do whatever they can to secure their own position, even if it risks the organization's stability. They fail to embrace the responsibilities they claim to want, while managers fail to delegate the authority they promise to share.

What's the Alternative?

Luckily, there's a way to put soul back into your organization, and the key is the high-performance leader. You need only one such leader, filled with passion and caring, to create a ripple effect through the organization.

As opposed to position-based executives who preside over an organization, high-performance leaders are fully integrated into the organization. They prosper during recessionary periods by leading with transparency, empathy, and selflessness. They know that leadership isn't a list of mechanical tasks but a system of human interactions.

High-performance leaders use transformational leadership strategies to resurrect the organizational soul. These strategies include the following:

- They develop their staffs individually and collectively, personally and professionally, helping them find meaning in their work.
- They eradicate cynicism by developing a sense of teamwork.
- They help workers become more autonomous.
- They free people from fear and help them reclaim their humanity.

Leading the soulless organization back to its true self requires leaders to follow three vital principles:

1. Lead from the Inside Out

High-performance leaders begin with themselves. They act as role models for the rest of the organization rather than dictating ways of being. Here are a few ways they do so:

- They transform themselves before they attempt to transform the organization.
- They examine their own beliefs about themselves, others, and the working environment before ques-

Nonprofit World • Volume 28, Number 3 May/June 2010.
Published by the Society for Nonprofit Organizations
5820 Canton Center Road, Suite 165, Canton, Michigan 48187
734-451-3582 • www.snpo.org

tioning their employees' assumptions.

• They flush out beliefs that cause conflict.

• They're dedicated to the truth. Leading from personal integrity, they admit mistakes as soon as possible and accept the consequences of the organization's acts.

2. Enhance Communication

High-performance leaders are high-caliber communicators who do the following:

• Build teams in which people can express creativity and build comradery.

• Promote honest dialogue in every conversation, meeting, and exchange.

• Ask for and give plenty of feedback.

• Study the art of coaching others and drawing out their best talents.

• Spread a "can-do" attitude by inspiring enthusiasm toward organizational initiatives.

• Reach out using these crucial communication methods:

Listening is the authentic acceptance of other people's ideas and suggestions. In a listening culture, people's conversations generate innovative ideas. High-performance leaders ask open-ended questions using words such as "How…?", "What…?", and "Why…?", letting people clarify their responses, rather than closed-ended questions that leave people feeling manipulated rather than empowered.

Empathy helps leaders recognize what people need so they can fulfill those needs for the good of the organization. Empathetic leaders are also able to look at every situation from others' viewpoints. That ability helps them develop a perspective that will satisfy the whole organization.

3. Develop a Sense of Stewardship

A culture of stewardship is one defined by selflessness and interdependence, in which employees do everything in their power to help the organization grow. You can create such a culture in ways like these:

• Empower people to make sound decisions. Teach them steps to good decision-making, which are: (1) Understand your purpose—what you want to accomplish. (2) Develop possible options. (3) Recognize probable outcomes of each alternative. (4) Select the option that best fits the original purpose.

• Engage employees by thinking boldly and imaginatively about fulfilling your organization's mission to improve the world.

• Create excitement and motivation by engaging people's hearts, stimulating their minds, and stirring their souls. ■

Dr. Stephen Long (DocLong@LevelSixLeadership.com) is the president of The Institute for Level Six Leadership (www.LevelSixLeadership.com), a management consulting firm specializing in leveraging human capital, and author of Level Six Performance: A Gold Medal Formula for Achieving Professional and Personal Success, *published by SourceBooks (www.sourcebooks.com).*

High-performance leaders prosper during recessionary periods.

Soulful or Soulless? Diagnose Your Organization

If your organization is soulless, it and its managers are:

- risk-averse
- apt to cling tightly to social and cultural norms
- static and unchanging
- stingy with information and slow to communicate
- unable to use abstract concepts to solve concrete problems
- intolerant, impatient, and controlling of others
- quick to shift blame and slow to take responsibility
- hierarchical, with people relying on their positions of authority to control others.

If your organization has a soul, however, it and its managers are:

- interested in learning and growing and helping everyone in the organization do the same
- accustomed to taking and encouraging appropriate risks
- eager to embrace change
- likely to group people into teams and collaborate with other organizations
- empathetic, compassionate, visionary, and future-minded
- open, clear, and candid
- willing to question conventional wisdom
- inspirational and empowering rather than forcing change through the power of hierarchical position.

Do It with Soul

For more guidance on how to lead from your soul, see these *Nonprofit World* articles at www.snpo.org/members:

• **Building Morale: The Key to Successful Change** (Vol. 13, No. 3)

• **Be a Better Leader by Becoming a Better Listener** (Vol. 28, No. 2)

• **The Nonprofit Executive as Chief Learning Officer** (Vol. 16, No. 2)

• **11 Communication Keys that Will Change the Way You Lead** (Vol. 14, No. 2)

• **Not Taught in Business Schools: How to Cultivate Creative Leading** (Vol. 24, No. 5)

• **Earn People's Loyalty: Here's How** (Vol. 17, No. 5)

• **Build a Powerful Staff Team** (Vol. 18, No. 4)

• **Leading from Feeling: Coaching Tools for Interpersonal & Organizational Excellence** (Vol. 27, No. 1)

Do You Have Knowledge Where It Really Counts?

Leadership Lessons I Learned from My Son

Follow these 10 rules and your organization will flourish.

By Michael J. Carrasco

Accomplishing goals through people is what you, as a leader, do. You need to understand people to motivate them into action, and nothing prepares you like hands-on experience. You may be surprised at the ways you can gain that experience—from volunteering to mentoring to being a parent.

Granted, being a parent doesn't automatically make you a great leader. You do, however, learn some important people and communication skills.

> Sure, you're the leader, but you're also part of a team.

I'm the father of three children. My oldest son has autism, a spectrum disorder diagnosed in 1 in 110 children, affecting their communication, problem-solving, and social skills. It has no cure, but proper training can help develop their communication and cognitive skills. Raising him has proven insightful and rewarding and taught me lessons about both life and leadership. Below are some of these lessons:

1. Know Where You're Going.

My wife and I know our son's world. While we're not medical or education experts, we understand how autism impacts him and what direction we want him to take as he grows. We're clear on what to advocate for and stake positions on.

Leadership Lesson: Making tough decisions is part of the challenge for any leader. As a decision-maker, advice will come from a variety of sources—colleagues, partners, constituents—who will make many recommendations, suggestions, and even demands. Find your compass point and stick with it. When you know where you want to take your organization, your decision-making will stay focused on what matters most.

2. Watch What You Say and Do.

My kids hold me accountable for everything I say. Like a lawyer during cross-examination, they remember statements and promises I made and hammer home the message:

You're not doing what you said.

Leadership Lesson: Never make an empty promise or threat. Once you've failed to follow through, you lose credibility. You'll be held accountable for your statements by your board, staff, constituencies, and the public, so be prepared to do what you say.

3. Yes—Everything Is Always Your Fault.

It's a fact of life for any parent. At some point your kids are going to blame you when things don't go their way. It doesn't matter if you can control events or not. As the parent you're the biggest target for them to vent their anger at.

> Make sure you, your staff, and your board speak as one mind when in public.

Leadership Lesson: People will disagree with you, sometimes very publicly with hostile statements, smear campaigns, or even lawsuits. Understand that as the leader you represent your organization, and take the blows gracefully.

4. Don't Argue in Public.

My wife and I know we need to display a united front. We always reach a common stance before meeting with school officials about our kids. Doing so makes us a strong presence.

Leadership Lesson: Sure, you're the leader, but you're also part of a team, working toward common goals. Even if there's a difference of opinion, make sure you, your staff, and your board speak as one mind when in public. Airing dirty laundry undermines everyone's credibility and taints your organization's reputation.

5. Transitions Are Hard.

Our oldest son's day is structured. He hates any break in his routine, even if it's a pleasant one such as summer vacation. My wife and I prepare him for the upcoming break by talking him through what he's going to be doing during the summer.

Leadership Lesson: Change is upsetting and produces great resistance, especially if you don't consult with people. The worst thing you can do is keep people in the dark about what, when, how, and why something is going to happen.

Nonprofit World • Volume 28, Number 3 May/June 2010.
Published by the Society for Nonprofit Organizations
5820 Canton Center Road, Suite 165, Canton, Michigan 48187
734-451-3582 • www.snpo.org

> Recognizing that leaders have a shelf life will extend your organization's growth and development.

That goes for good as well as bad news.

6. Measure Performance.

Once a year my wife and I sit down with my son's education-plan team, made up of various school personnel, to review current performance levels and determine future goals—both academic and life-skill-oriented. We take care that these goals are realistic and specific and that we can monitor, document, and assess them.

Leadership Lesson: Measuring performance keeps the motivation going as you move in a solid direction. Are your programs still relevant to the organization's mission? Does your staff team have the cohesiveness and know-how to take your organization where it needs to go? Focus on identifying strengths and weaknesses and building them.

7. Accountability Helps Everyone.

I hold all my children accountable for their actions. Positive actions get rewarded. Negative actions require a timeout and discussion of what happened.

Leadership Lesson: As leader, you need to recognize both great and poor performers and create an environment where everyone can learn from mistakes and continue to develop. Such an atmosphere motivates and inspires people. Accountability helps everyone—staff and board members—be more creative, innovative, and committed to meeting performance expectations.

8. Stay Connected With Key People.

My wife and I try to connect with some school officials away from the professional setting. They're people too, not just titles. They have their own stresses, and sometimes the best thing we can do is just listen. From the moment my son walked into the school system, I've befriended many people whose advice I've come to rely upon.

Leadership Lesson: Cultivating relationships is the key to success. Doing so takes time and effort but offers uncountable benefits.

9. Yes, You Have a Shelf Life.

Okay, so I don't have a "Sell By" date stamped on my forehead. Still, I know there'll come a time when I'll no longer have a direct influence over my children. They'll be building their own lives and making independent decisions.

> The worst thing you can do is keep people in the dark about what, when, how, and why something is going to happen.

Leadership Lesson: Although leadership is a constant, the situation requiring leadership varies. Some leaders are skilled at starting organizations, building them, and growing them. Some have a talent for running established organizations, bringing their seasoned judgment and steady hand. Some are turn-around leaders who revive failing organizations, while others are adept at directing an organization's final performance, bringing its days to an end. Leadership requires a variety of skills at different stages of an organization's development. Recognizing that leaders have a shelf life will extend your organization's growth and development.

10. Everyone's Good at Something.

My son is a ferocious reader but has trouble interacting with people. A teacher of his developed a book-buddies program, bringing my son together with non-disabled children to read and interact, helping him develop much-needed social skills. In fact, my son met a non-disabled little girl with whom he continues to be friends to this day.

Leadership Lesson: People want to contribute to your success. Help them bring out their strengths, and make sure you're capitalizing on all their talents.

Remember the Final Secret.

As a leader you're helping to develop a sustainable community, bringing in people who want to contribute to that goal. Those who want to help you can also make your job harder with resistance, reactions, or perceptions which can be unpredictable. Listen well. Communicate clearly, early, and often. Understand your team so that you can lead others to achieve your goals. ■

Michael J. Carrasco (michaeljcarrasco@gmail.com) has over 10 years' management experience in government, small business, and nonprofit settings. Michael serves on the Virginia Board for People with Disabilities, where he is chair of the Education and Outreach Committee. He previously served as chair of the Special Education Advisory Committee for the City of Alexandria, where he worked to secure funding for the school district's first autism resource specialist.

MORE LESSONS

Build your leadership prowess with these *Nonprofit World* articles, available at www.snpo.org:

- **Not Taught in Business Schools: How to Cultivate Creative Leading** (Vol. 24, No. 5)
- **Adapt to Change to Survive** (Vol. 24, No. 2)
- **Relationship Marketing: Guaranteeing the Future** (Vol. 14, No. 5)
- **Performance-Based Management Builds Funding & Support** (Vol. 23, No. 6)
- **The Key to Building Productive Teams** (Vol. 21, No. 4)
- **Needed: A Better Grasp of Strategic Planning** (Vol. 24, No. 5)
- **Six Steps to Good-Reputation Insurance** (Vol. 15, No. 1)
- **Earn People's Loyalty: Here's How** (Vol. 17, No. 5)

The Strategic Alliance Journey:

Forging Outrageously Successful Relationships

Follow these steps to create partnerships that work.

By Ed Rigsbee

Successful alliances take plenty of work and a diligent process. You need to burrow deep and change your organization's systems and culture. The following steps will help you evaluate your systems before you embark on your alliance journey:

1. Analyze

Study your organization's needs, and identify areas for improvement. Develop an evaluation for your customers, suppliers, board members, and employees to complete. This assessment will help you inventory your organization's core strengths and limitations. Which strengths might be valuable to a potential alliance partner? What weaknesses could a partner help you shore up?

2. Educate and Contemplate

Ask yourself the following questions:

Which organizations do you know that have embraced partnering? What worked and what didn't? If partnering wasn't successful, what were the problems these organizations encountered?

What are the obstacles to changing your organization in order to collaborate? Is your organizational culture closed rather than open? If so, you'll find partnering more difficult.

> Cultural fusion is pivotal to success.

> Too-quick selection of a partner is the most common reason alliances fail.

Has your organization collaborated with a partner in the past? What lessons were learned from that experience?

What competencies do you desire in an alliance partner?

What kinds of strategic alliances would fulfill your growth needs and work best with your organization's culture?

What criteria will you use to select alliance partners?

What new training programs will be necessary to help you with your shift to partnering?

3. Select

This is the critical step. All your future efforts will be built on this foundation. Learn about organizations you consider partnering candidates. Ask yourself and your management team these questions about each potential partner:

What are this organization's strengths and weaknesses?

Does this organization's culture and core strengths complement those of your organization?

What effect would this partner have on your organization?

Can key people in the two organizations get along?

Is the alliance strategic to the goals of both organizations?

What driving forces pull you and your partner into an alliance arrangement?

Does the potential partner have a customer-oriented culture? Such a culture is critical to the alliance's success.

Embrace long-term thinking. Too-quick selection of a partner is the most common reason alliances fail.

4. Organize and Plan

Once you've chosen your partner, it's time to plan how you'll put the alliance together. Here are essentials for success at this stage:

Design an open communication system that keeps relationships between key people constantly alive.

Make sure all levels of both organizations share the partnering attitude.

> In an ideal marriage one partner is blind and the other deaf.

Put time into blending the cultures of the two organizations, as cultural fusion is pivotal to success.

Establish mutual goals, agreeing who gives and gets what, when, where, and how. Develop mutual performance measuring instruments.

Look into the future, and encourage strategies that will sustain the relationship.

Nonprofit World • Volume 28, Number 3 May/June 2010.
Published by the Society for Nonprofit Organizations
5820 Canton Center Road, Suite 165, Canton, Michigan 48187
734-451-3582 • www.snpo.org

> You need to burrow deep and change your organization's systems and culture.

Stress strong information systems, and share information constantly.

Phase in the partnering relationship gradually, giving partners a get-acquainted time. Reassess before moving on to a higher level in the relationship. Outrageously successful relationships take time to develop.

5. Create a Contract

You must have a formal mechanism for alliance members to identify goals, milestones, and turning points crucial to the relationship's success. Be sure your contract does the following:

Establish how partners will resolve questions of opportunity, accountability, and risk.

Spell out conflict resolution and exit strategies.

Detail an evaluation method that will measure implementation and performance.

Make sure the final agreement is reviewed and agreed upon by all parties.

6. Devise a Follow-Up Process

It's been said that in an ideal marriage one partner is blind and the other deaf. To keep your alliance healthy, each partner must overlook some of their partner's foibles. Each must keep communication open to minimize conflict and relationship meltdown. The best way to do so is through relationship value updates. Such updates work like this:

Every few months, write down the value you believe you're receiving, the value you think your partner is receiving, and ideas to make the relationship better.

Have your partner do the same, and then switch documents.

Sharing these updates is an excellent way to evaluate your alliance and find ways to improve. ■

This article was adapted from Ed Rigsbee's PartnerShift: How to Profit from the Partnering Trend. *Ed Rigsbee, CSP, president of Rigsbee Research (www.rigsbee.com, ed@rigsbee.com, 800-839-1520) is also the author of* Developing Strategic Alliances *and* The Art of Partnering.

RESOURCES

Available at www.snpo.org/members

Collaboration and Leadership: Secrets of Success (Vol. 24, No. 1)

Take the Collaboration Quiz (Vol. 24, No. 3)

Seven Rules of Successful Collaboration (Vol. 18, No. 2)

High-End Strategic Alliances as Fundraising Opportunities (Vol. 19, No. 5)

A Collaboration Checklist: Ten Questions for Success (Vol. 24, No. 1)

WHAT'S UP ONLINE?

To broaden online discussions on nonprofit topics, we're expanding our Discussion Forum with a ListServe, provided by Yahoo Groups. To join, you can either click on the "Yahoo" button at:

http://www.snpo.org/social/

(free Yahoo login required)

or send a blank e-mail to:

snpo-subscribe@yahoogroups.com

If you have any questions, contact Jason Chmura at jchmura@snpo.org.

People and Technology

Accelerating Fundraising through Social Media

Here's a simple way to connect with supporters through online social networks.

By Ed Schipul

There hasn't been much cause for celebration at many nonprofits lately. The public has been distracted by the faltering economy, volunteers have been hard to find, and donor databases have dried up.

One bright spot has been the emergence of social media tools that can boost fundraising. Organizations that are testing social media strategies are realizing how much potential these tools have. Fundraisers can click the mouse a few times and connect with people passionate about their cause, helping them spread the word, volunteer, and donate.

How do you make the Facebook Causes application really sing?

We're still early in the adoption curve. According to Blackbaud's analysis of Giving USA data, online donations amount to only 5% of the contributions nonprofits receive. And it's not a panacea. Only a small fraction of the 180,000 organizations that use Facebook Causes have raised more than $1,000.

But wasn't it just a few years ago that people couldn't imagine shopping, watching movies, and making friends online? What makes us think online donations to charitable causes are any different? In fact, in the first five days after the Haiti earthquake struck in January 2010, the top Facebook Cause for Haiti earthquake relief—benefiting Oxfam America—had raised over $100,000. Clearly, a significant shift is upon us.

The Best Fundraising Punch

For now, the social media tool that delivers the greatest fundraising punch is Facebook Causes, which empowers people to mobilize their social networks to benefit U.S. registered 501(c)(3) nonprofits or Canadian registered charities. Every single Facebook user has the tools to create a Cause for an issue or campaign, recruit others to join, keep everybody informed with updates, and raise money.

Facebook Causes processes donations automatically via credit card, tallies the results, and reports donation activity via a public "scorecard." The Causes platform works because it's deeply embedded in the world's leading social networks (there's an application for MySpace, too), and it can:

• Create community, and spread awareness.

• Connect people and ideas in new ways.

• Attract new donors and raise money for specific projects and programs.

How to Get Started

How does it work? First, your organization becomes a Causes partner. You receive a profile and access to a dashboard, where you can track donations and download donor contact information. When you're ready to start your own Cause, you can use the Facebook Causes application. Since Causes is a third-party application, you can have Causes, a Fan Page, and a Group on Facebook, if you so desire.

Keys to Success

How do you make the Facebook Causes application really sing?

Nonprofit World • Volume 28, Number 3 May/June 2010.
Published by the Society for Nonprofit Organizations
5820 Canton Center Road, Suite 165, Canton, Michigan 48187
734-451-3582 • www.snpo.org

> We're still early in the adoption curve.

Choose an attention-grabbing title. Think of it as a headline. You want to captivate potential supporters.

Convey a sense of urgency so people know you need their help now.

Make your case in three points or less. As with other fundraising communication, the case needs to be simple and to the point.

Provide a concise description of where the Cause is currently, where the Cause is going, and what your goals are. Remember to include relevant links.

Use an evocative photograph that inspires people to take action.

Recruit, recruit, recruit. Use the recruiting tools associated with the Facebook Causes application to invite the maximum number of potential supporters every day, which is 60. But don't stop there—take your recruiting outside the Facebook borders to newsletters and e-mail, too.

Facebook Causes is a great way to connect with and mobilize believers in your cause. Successful nonprofits of the coming decade will find ways to aggressively leverage this and other social media tools. ■

Ed Schipul is the president and chief executive officer of Schipul – The Web Marketing Company (www.schipul.com), which guides the Web marketing strategy for hundreds of nonprofit organizations.

Resources (at www.snpo.org/members)

How to Make Social-Media Fundraising Work for You (Vol. 27, No. 2)
Using Social Media to Advance Your Goals (Vol. 27, No. 1)
Is It Time to Consider New Ways to Communicate? (Vol. 25, No. 4)
Using Web 2.0 Technologies to Connect with New Supporters (Vol. 26, No. 4)

Also see Learning Institute programs on-line: Resource Development and O for Opportunity: Exploring New Revenue Opportunities for Nonprofits (www.snpo.org/lino).

Restructuring Contracts in Stressful Times: Strategies for Successful Contract Negotiation

Can redoing your contracts provide shelter from the economic storm?

By John R. Trentacosta

Many things have changed completely as a result of the economic recession and the unprecedented credit crunch. Contracts that you entered into years ago may now make no sense whatsoever.

One example is your lease. The amount of space your organization needs today may be a fraction of what you thought necessary in 2007.

As a result, you have good reason to evaluate your contractual relationships in light of the new economy. If you decide it's necessary to change a contract, there are some steps you can take.

First, a Cold Fact

You must face a cold truth at the outset. Unless there's a provision in a contract that provides otherwise, you must adhere to the terms despite the change in the economy. Using the lease example, the fact that you now have 25 employees instead of 50 doesn't mean you're entitled to reduce your rent by 50%. Negative economic conditions don't create an automatic right to relief from contractual commitments.

Steps that Will Help

The first step is to review the contract itself. Are there any provisions that allow for an adjustment of one or more terms? One argument often made involves a provision known as a *force majeure* clause. Most contracts contain such a clause. A *force majeure* clause excuses you if your nonperformance is caused by an "act of God" (such as an earthquake, fire, or storm). Unfortunately, *force majeure* clauses aren't triggered by an economic downturn.

> Contracts that you entered into years ago may now make no sense whatsoever.

Unless someone thought to include an "economic adjustment clause" when the contract was negotiated, there's likely no provision that allows for nonperformance due to a change in the economy. Thus, you'll probably need to negotiate a contract change by convincing the other party to do so. Your chances for renegotiating a contract are best if you follow these strategies:

1. Be honest. The first step is to deal honestly with the situation. Explain to the other party the true nature of your organization's difficulties. Don't hide facts. Don't overstate or understate the problem.

2. Open your books. Be prepared to open your organization's books and show that the impact of the economic crisis is real and threatens the viability of your enterprise.

3. Propose a specific plan. Proactively develop a detailed plan. Your plan must include the specific changes you're requesting in the contract. In business plan form, explain why such changes are necessary. Make the case to the other party that without these changes your organization's survival will be in serious question.

4. Offer something extra. You can enhance your plan's attractiveness if you propose something for the other party beyond what's already in the contract. Creating additional value can entice a party to agree to a contractual change. Recall the old song: A spoonful of sugar helps the medicine go down.

5. If you and the other party agree to change your contract, be sure to put this agreement in writing, and have both parties sign it.

> Don't overstate or understate the problem.

Three Positive Realities

There are three realities that will help you with the above negotiations:

• **Litigation is expensive.** The other parties to your contracts will realize that it's better to negotiate with you than to file a breach of contract lawsuit.

• **Most people** (except the truly evil) don't want to sue a nonprofit organization. The negative publicity of such a move will likely offset any economic benefits.

• **If your organization** will go out of business without a change in contractual terms, the other parties won't receive any of their benefits under the contracts. In most cases they'd rather receive a portion of their benefits than none at all. ■

John Trentacosta (jtrentacosta@foley.com) is a partner in the Detroit office of Foley & Lardner and is a member of the firm's Automotive Industry Team.

Nonprofit World • Volume 28, Number 3 May/June 2010.
Published by the Society for Nonprofit Organizations
5820 Canton Center Road, Suite 165, Canton, Michigan 48187
734-451-3582 • www.snpo.org

Use Coaching to Retain the LEADER'S EDGE

Don't let stress and burnout infect your organization's leaders. Here's how coaching can help.

By James Boyle

How can nonprofit leaders maintain their focus in the face of stiff challenges? A look to our colleagues in the private sector may reveal a viable option.

Long ago, professionals in the private sector added business coaching to their list of best practices. Unfortunately, nonprofit organizations have been slow to adopt the practice.

When coaching is provided for managers, organizations typically experience a return on investment of six times the cost, according to a study conducted by Manchester Incorporated. This is an investment even the strictest CFO could love.

Working with a coach can improve time management, decision-making skills, and career fulfillment. Coaching has rescued countless managers from burnout, helping them strike a balance between personal and professional life, controllable and non-controllable events.

Many find coaching superior to one-time workshop training, and for an important reason. Unlike a training seminar that leaves you alone at the end to implement what you've learned, a coach is there to establish a relationship that lasts as long as necessary. The relationship, whether it's for three months or three years, is vital, because the power to institute change lies in the alliance between coach and client.

Still, not all coaching arrangements are a good fit. Those looking for a coach need to be selective, interview potential coaches, and seek a personality match. When the proper connection is made between coach and client, the results can move a leader from good to extraordinary.

> Many find coaching superior to one-time workshop training.

It's important to note that coaches can't work miracles by themselves. Clients must do more than just show up for scheduled sessions. They must be willing to change. They must commit themselves to the process, establishing goals and holding themselves accountable.

Although it's hard work, it's not a burden when accomplishments become visible and goals become reality. Hiring a coach won't insulate you from the realities of life. Coaching can, however, be a tremendous tool for keeping motivation and passion high. ■

James Boyle (jamesboyle@higherpotentials.com, www.higherpotentials.com) is founder and certified coach at Higher Potentials. Before launching Higher Potentials, he worked as a fundraiser with nonprofit organizations for more than 12 years. His experience in the nonprofit sector ranges from children with cancer, to international relief, to public television where he needed to create high performing teams and effectively define the multilevel skills necessary for success.

Top Five Reasons for Nonprofit Leaders to Work with a Coach

Manage stress, and make behavioral changes that promote productivity.

Align leadership demands with job responsibilities, especially strategic planning and time management.

Gain support during major organizational transitions.

Improve relationships and communication with board members.

Enhance employee job satisfaction to reduce costly staff turnover.

How to Learn More

For more on sharpening the leadership edge and keeping motivation high, see these *Nonprofit World* articles at www.snpo.org/members:

Do You Need a Coach? (Vol. 17, No. 5)

Master Change, Or Change Will Master You (Vol. 14, No. 4)

How Do We Survive and Grow in the Work We Love to Do? (Vol. 11, No. 1)

Overcome Organizational Indifference (Vol. 24, No. 2)

Building Morale: The Key to Successful Change (Vol. 13, No. 3)

Not Taught in Business Schools: How to Cultivate Creative Leading (Vol. 24, No. 5)

Leading from Feeling: Coaching Tools for Interpersonal & Organizational Excellence (Vol. 27, No. 1)

Nonprofit World • Volume 28, Number 3 May/June 2010.
Published by the Society for Nonprofit Organizations
5820 Canton Center Road, Suite 165, Canton, Michigan 48187
734-451-3582 • www.snpo.org

Relevant reviews

Stand Back for More Effective Meetings

It's time to lead meetings in a new way. Here's what you need to know.

By Terrence Fernsler

Don't Just Do Something, Stand There! Ten Principles for Leading Meetings that Matter

By Marvin Weisbord & Sandra Janoff. 219 Pages. Softcover. Berrett-Koehler Publishers, Inc. (www.berrett-koehler.com).

Much can be accomplished in meetings, but most of us don't know how to conduct them productively. A new method of meeting facilitation is necessary, one in which time isn't wasted and everyone has the opportunity to participate.

As the book's title suggests, this new method calls for less facilitation, not more. During the meeting, facilitator control should be limited to what's needed to keep people working on the task.

Your role as facilitator is to stand back and let participants find solutions. Only when they put themselves at risk of fighting or giving up do you need to do anything–and even then you should do only what's necessary to get the meeting back on track.

> Do less so that others will do more.

Finding common ground increases cooperation. When some agree with a statement and others don't, treat that as a reality to live with, not a problem to solve.

Anxiety is natural when stakes are high, perceptions diverse, issues complicated, and answers uncertain. Learning to contain and harness anxiety can turn it into creative action.

As a meeting facilitator, encourage people to share responsibility for the meeting's outcomes and don't take the entire burden on yourself. One way to do this is to give up trying to diagnose or change people. Structure, not individual behavior, becomes the meeting's focus. Organize your meeting by paying attention to its purpose and goals, and help people find their own solutions.

Learning to "just stand there" means letting go of the need to have all the answers and the desire to keep everybody happy. It means observing, listening, and inviting people to say what's on their minds. It means acting less and paying attention more. ■

Terrence Fernsler has been a nonprofit professional for nearly 30 years.

Make Your Meetings Matter

Use these principles to promote effective meetings:

- **Get the whole system in the room.** Define your "system" according to the meeting's purpose, and be sure participants have the expertise, authority, and information to accomplish that purpose.
- **Control what you can, let go of what you can't.** Don't try to manage what others think, say, or do. Instead, manage the conditions under which people interact.
- **Explore the "whole elephant."** Find out what everyone has to contribute. Affirm everyone's views and perceptions, and give all a sense of where others stand.
- **Master the art of subgrouping.** Invite meeting participants to ally with others based on similar views. For instance, if someone makes an emotionally charged statement, ask, "Does anyone else feel that way?" It takes only one ally to form a subgroup and validate the person's right to an opinion.

Suggestions for Your Next Meeting

Put elements of effective meetings to good use with these ideas (the book offers dozens more):

- **Suggest active roles** for participants, such as timekeeper, flipchart recorder, discussion leader, and reporter.
- **Go around the group** and find out what every person has to say on a matter of consequence.
- **Put people's chairs** in a circle instead of a row. Or get rid of tables. Note the impact on the meeting.
- **Consider times** when it will be more productive to have people break into small groups or to work alone for awhile.

What Could You Do with Three Months Away?

For years now, a variety of foundations have been funding sabbaticals for executive directors. A new report, *Creative Disruption* (compasspoint.org), details these findings:

- **Executive sabbaticals increase organizational capacity.** A sabbatical strengthens staff responsibility and succession planning. Nonprofit organizations discover strengths they didn't realize they had.
- **During their three-month sabbaticals,** leaders' self-esteem went up even as they learned they weren't indispensable. Their family relationships and health improved. They returned with innovative ideas—and stayed with their organizations longer.
- **Of those who took over as interim leaders** while the executive director was on sabbatical, 50% say they gained a new vision for the organization, and 80% of those have influenced the organization to take on that new vision.
- **Funders receive important returns** such as building trusting relationships with leaders and gaining deeper perspectives on community needs.
- **Sixty percent of survey respondents said their board is more effective** as the result of the learning that surrounds the sabbatical process.

How to Reach Donors of Today & Tomorrow

"The Next Generation of American Giving," a study by Convio (www.convio.com), Edge Research (www.edgeresearch.com), and Sea Change Strategies (www.seachangestrategies.com), provides these insights into changing donor patterns:

- Today's donors give through many channels, such as e-commerce, special events, social media, tributes, monthly debit programs, mobile/text donations, direct mail, and telemarketing. The younger the donors, the more ways they give.

The younger the donors, the more ways they give.

- Message integration is an urgent priority. In some organizations, direct mail, online fundraising, social marketing, and e-mail communication are all managed separately. This approach is fatal to effective multichannel marketing.
- Word of mouth is critical. In the survey, "friends asking for money" far outpaced direct-mail and e-mail solicitations as an effective strategy. Such friend-to-friend communications may take the form of "thon" events where individuals set up personal fundraising pages and social-media platforms that make it easy for people to spread the word.

Direct mail has a bright future, but it's no longer the sun around which all other tactics revolve.

- The role of social networks in fundraising is important and evolving. So far, people are still more likely to donate through a nonprofit's Web site than through Facebook Causes or TwitPay. But that's changing. And the value of social media in brand-building and viral messaging is beyond debate.

Actions to Take Tomorrow

1. Reallocate some of your direct-mail resources toward the Web and social media.

2. Collect contact information for multiple channels, including physical mail addresses, e-mail addresses, and cell-phone numbers, as well as data on the ages of your donors.

3. Build a campaign that encompasses communications and solicitations across many channels, including direct mail, the Web, e-mail, social media, telemarketing, personal solicitations, and viral campaigns asking your supporters to forward a message to others.

4. Test special strategies for younger donors, such as an emphasis on online communications versus mail and on asking people to spread the word rather than just contribute money.

5. Ensure that you have capabilities for managing relationships via e-mail, social-media, and Web channels. If you have the resources, experiment with cellphone and texting communications.

6. Choose a donor management system that tracks relations with next-generation donors across channels and across activities, including advocacy and volunteering.

The value of social media in brand-building and viral messaging is beyond debate.

The Best Strategies for Harsh Economic Times

In *Nonprofit Finance for Hard Times* (John Wiley & Sons, www.wiley.com), Susan Raymond sets forth these principles and tips to remember during periods of economic difficulty:

- **The economy is cyclical.** Down times are opportunities for nonprofits to renew themselves. Rather than "weathering the storm" or cutting back, nonprofits should take advantage of the chance to power forward.
- **History shows that philanthropy always recovers quickly** and rebounds significantly after economic downturns.
- **Two approaches are crucial** in tough times: (1) Nonprofits need to have many different sources of revenue. (2) Nonprofits must have plans in place to take full advantage of the strong upturn in philanthropy that always follows a downturn.
- **Planned giving isn't a cure-all** for nonprofits in a difficult economy. Many popular planned-giving tools suffer greatly from people's investment losses. However, one planned gift that continues to be simple, profitable, and well worth pursuing is the bequest. (See "How to Obtain More Bequests, *Nonprofit World,* Vol. 23, No. 2, www.snpo.org/members.)
- **Set your hard-time strategy** during good times. Have a plan and a contingency budget you can put in place as soon as you see the economy start to falter. Monitor the economy carefully so that you're always looking ahead, ready for what comes next in the cycle.

Unlocking the Mysteries of Organizations

Organizational systems are often so hidden we forget they're there. But when we're blind to systems, we fall into unproductive patterns. Only if we pay attention to how systems work can we change them for our benefit.

In *Seeing Systems* (Berrett-Koehler Publishers, www.berrett-koehler.com), Barry Oshry urges each of us to take responsibility for developing productive systems. Once we learn to embrace the inevitable uncertainties in a system, we can move beyond destructive battles. We can create systems with extraordinary capacities for surviving and developing.

> When we're blind to systems, we fall into unproductive patterns.

Typically, people fight to protect their culture from change, afraid that it will weaken the system. In reality, however, turbulence helps build robust systems. This gem of a book will help you turn chaos to your own ends, overcome system blindness, and use diversity to build a flexible, ever-changing and growing organization.

—reviewed by Terrence Fernsler

HOW TO MASTER UNCERTAINTY

When one fixed position confronts another fixed position, nothing gets done. For meaningful change, confront the uncertainty underlying these positions. Learn to do so with these hints from *Seeing Systems*:

- **Accept that are no simple answers** to the problems you're facing.
- **Avoid polarization.** Notice how quick we are to attach ourselves to positions, driving one another even further into opposition.
- **Examine possibilities** from all sides, seeing limitations as well as strengths. If you don't deal with the down sides of your possibilities, you can be sure someone else will.
- **Be a force for what's missing** in your group. Instead of taking a position, function as a force for what needs to be done.
- **See yourself as a complex system** capable of many responses to uncertainty.
- **Be flexible.** If you feel too comfortable with something, move away from it. Change it.

Coaching Your Team to Improve Performance

An important part of leadership is taking on the role of coach—improving team members' performance with motivational techniques. *Motivating Your Team* (published by Sage Publications, www.sagepub.com) shows how coaches motivate team members. The author, Peter Taylor, reviews what it takes for a team to continuously improve—replacing processes that act as impediments with those that foster motivated behavior. Although the book's subtitle is "Coaching for Performance in Schools" and Taylor draws on his experience in education to illustrate his points, his advice will be useful to any group that works as a team.

If you want your organization to be effective, you need a sustainable process for motivation. This 145-page paperback will help you bring people's talents together into a high-functioning team.

—reviewed by Terrence Fernsler

What Trends Will Affect You the Most? Here's a Synopsis

At a recent meeting, nonprofit thought leaders came up with the following trends they feel will present the greatest challenges and opportunities for nonprofits in the next few years.

1. The economy. The economic situation will inform how you conduct business, including marketing and fundraising.

2. Recruiting and retaining the next generation of leaders. Baby boomers need to listen to young professionals and encourage new talent.

> Recent decisions to cease making grant decisions based on overhead ratios have rocked the philanthropic world.

3. Evolving technology. You need to decide to what extent your organization should have a presence in social media (Twitter, Facebook, and the like) and which Web-based tools are worth your while.

4. New fundraising challenges. To stay important to donors, you must be a savvy fundraiser and be aware of the following:

- Long-tail charity. Intermediaries such as Kiva and DonorsChoose are part of a movement allowing more and more people to donate small amounts.
- Impact investing. The Rockefeller Foundation has just published "Solutions for Impact Investors," a sign that funders are changing their focus from inputs to outputs, outcomes, and impact. And the recent decisions by Charity Navigator, GiveWell, the Boston Foundation, and others to cease making grant decisions based on overhead ratios have rocked the philanthropic world and introduced a long-awaited change of focus.
- Multigenerational philanthropy. Many foundations and individuals are preparing for a large wealth transfer, and nonprofits need to bridge generational gaps in fundraising.

5. The changing volunteer landscape, including the proliferation of single days of service. One day of volunteering can't change the world, as many nonprofits are claiming. We must find a way to accommodate those with limited time to volunteer in ways that are truly productive.

6. Transparency. With the growth in Web sites that monitor and rank nonprofits in terms of economic efficiency, you must be open about income and expenditures.

> Nonprofits need to bridge generational gaps in fundraising.

7. Conservative America. Nonprofits need to quit treating conservatives like the enemy and work to win their support.

8. The need for more diverse board members, including young people proficient in social networking. Linda Crompton of BoardSource points out in "The New Future of Governance" (www.transformativegovernance.org) that "any board that is homogenous in an ethnic, gender, or generational sense will be at an enormous disadvantage." Rather than sitting as a lone young person or person of color on an otherwise homogenous board, people are impatiently forming their own organizations and boards.

9. The changing shape of the nonprofit sector, including these important trends:

- Strategic restructuring such as mergers. It's vital for nonprofits to be assertive in restructuring themselves rather than waiting till foundations or government entities step in and do it for them.
- The nonprofit/for-profit convergence. The line that once distinguished the two sectors will continue to blur. For-profit companies, especially those being started by young people, want to change the world as well as make a lot of dough. New legal forms—like the L3C corporation, which combines elements of for-profit and nonprofit forms to receive philanthropic dollars—are facilitating convergence. Positive consequence: increased cross sector collaboration with dramatically increased mission impact. Negative consequence: mission drift.

> It's vital for nonprofits to be assertive in restructuring themselves.

- Next-generation social enterprise. The White House and statehouses across the country are promoting social enterprise. People are beginning to recognize that the private sector is a major player in the field. Social enterprise investment funds are springing up. Business and public policy students with advanced degrees are starting social enterprises instead of joining consulting firms. Secondary school students are launching businesses that have a social purpose.
- Proliferation of new nonprofits and the desire to elevate new "brands" above concern for service. Every organization wants a new look, a spiffy Web site, a catchy tag line—and it's easy for the public to be swayed by the sizzle and not realize they're being shortchanged on the steak.

continued on page 28

Rate Your Strategic IQ

Today's leaders need more than a high IQ. They need strategic intelligence, which is made up of a set of five interrelated qualities—foresight, systems thinking, visioning, motivating, and partnering. How strategic is your intelligence? See if you can answer "yes" to these questions:

- **Do you have a grasp of forces** that will shape the future (such as technology, multiculturalism, and the changing nature of work)? Do you spend time explaining to others how these forces will impact them and how you plan to address the necessary changes?
- **Are you able to respond** to challenges and stress with grace and a sense of humor?
- **Do you spark hope, not fear,** in those you lead?
- **Does your vision inspire** and mobilize people?
- **Do you practice and reward** collaborative behavior?
- **When making decisions, do you consider** how all relevant factors relate to one another?
- **Can you help people embrace change** by showing them how the changes will benefit them?
- **Do you strive to see** the whole system, not just your part of it, and how your role relates to all the parts?
- **Do you have a good understanding** of different personalities, and do you use this knowledge to evaluate potential partners?

—adapted from The Leaders We Need *(Harvard Business School Press, www.hbsp.harvard.edu)*

Can Leadership Be Taught?

The old image of leaders as heroic figures who are somehow all-knowing no longer fits at a time when information is diverse, systems are complex, and we recognize our increasing interdependence. Leadership can no longer be viewed as strictly a science. It's science and art. And artistry isn't mysterious and innate; it can be honed.

In today's complex society, people are vulnerable to feeling overwhelmed, diminished, and insecure. Many don't know how to cope and want to give power over to some authority. In most groups, people are in varying places on the journey from authority-bound to interdependent thought. Responding to these differences requires adaptive leadership—the art of knowing when and how to use the functions of authority.

In *Leadership* Can *Be Taught: A Bold Approach for a Complex World,* (Harvard Business School Press, www.hbsp.harvard.edu), Sharon Daloz Parks advises leaders to "get on the balcony." In other words, learn to pull back and view each situation objectively, from multiple points of view, while still being intensely involved. Only then can leaders adapt their approaches quickly and smoothly to respond to people's differing needs.

Adaptive leadership is vital in navigating the rapid changes in our social environment. Parks' book does an excellent job of explaining what adaptive leadership is and how it can be learned.

—reviewed by Terrence Fernsler

Leading in a Turbulent World

Margaret Wheatley, in *Finding Our Way* (Berrett-Koehler Publishers, berrett-koehler.com) offers these suggestions for leading in a time of unpredictable change:

1. **Connect people to information** throughout the organization. To respond quickly and wisely, people need access to every part of the system's intelligence.
2. **Be willing to give up personal power** for the good of the group. Overcontrol stifles creativity.
3. **Think long term,** and cultivate patience. Meaningful change takes years.
4. **Eliminate hierarchies,** and promote relationships between people in different parts of the organization. Only if people have the opportunity to "bump up" against others in the system do they make the unplanned connections that spawn new ventures.
5. **Learn to live on the edge of chaos,** holding tight to faith in the organization's intelligence. Though you can't know the future, the system is talented enough to organize in whatever ways the future requires.

Key Questions to Keep Asking

- Who's missing? Who else needs to do this work?
- Is the meaning of this work still clear? Is it changing?
- Is information becoming more open and easier to access?
- Are we learning to live with confusion and chaos?
- Are we becoming more truthful with each other?

I TRUST

"**501(c) Agencies Trust** keeps us safe and secure with their nonprofit unemployment progam."

–Gil Munoz, Chief Executive Officer, Virginia Garcia Memorial Health Center
Trust Member since 1996

501(c) Agencies Trust's (www.501cTrust.org) comprehensive unemployment program allows nonprofit organizations more time and money to do more important work for their communities.

Since 1982, the Trust has been saving millions of dollars for thousands of nonprofits with its valuable HR and unemployment claims management program.

For a free, customized proposal, contact us today at (800) 631-2967 or TrustMembership@501c.com.

501(c) AGENCIES TRUST®
Maximizing Savings. Minimizing Risk.