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- Show Me the Need
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The Society for Nonprofits

Purpose: The Society for Nonprofits 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.

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Before you can reach a goal, you need a picture of it in your mind. The more specific you can be in imagining your ideal future, the more likely that it will come true. Susan Ellis gives us a blueprint for a high-result volunteer program in her article "What Would the Perfect Volunteer-Involving Organization Look Like?" on page 14. Take a look, and see if you need to make some changes in your organization.

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Unsolicited manuscripts and letters to the editor are welcomed. They should be addressed to Jill Muehrcke, Editor, *Nonprofit World*, P.O. Box 44173, Madison, WI 53744-4173 or muehrcke@charter.net or Jill@NonprofitWorld.org.

NEW
DEPARTMENT

Leading toward the Light

“What you learn from self-assessment becomes your guiding star.”

Conversations usually just happen. But if you put some forethought into designing them, you can turn them into much richer learning opportunities.

How can you assure that your next conversation will stir someone's mind, call forth what is ripening, and lead to meaningful change? It's a good question — one of many thought-provoking queries that Peggy Holman raises in *Engaging Emergence* (Berrett-Koehler Publishers, www.bkconnection.com). Continually asked, such questions reveal the heart of what it means to be a leader.

If you ask yourself some probing questions before your next formal meeting or informal chat, you can assure that the get-together achieves the results you want. “Questions to Ask before Your Next Conversation” (page 28) will help you think ahead, prepare yourself, and be as welcoming as possible to your conversational partners.

To gain support for a new project, it's especially important to invite into the conversation everyone who may be affected — and that means *especially* those who might be hostile to your plan. The strategy of welcoming, listening to, and showing respect for detractors can turn attacks to your advantage and build an amazingly strong buy-in for your suggestions. “How to Get Buy-in for Your Good Ideas” (page 28) describes a tactic that's rarely used but has been proven remarkably effective in disarming opponents.


Again, it's vital to plan ahead, visualizing what your opponents might ask and preparing straightforward, common-sense answers. Be sure to speak in simple sentences. When you use compound or complex sentences, your message gets lost. “Some Good Answers” (page 28) provides examples.

It also helps to use as many modes of communication as possible — text, images, movies, audio, social media, and so on — to accommodate all the different ways people absorb meaning. We all learn in different ways, and we learn best if a variety of communication tools are available. “Boost Learning through Social Media” (page 28) describes how to use social technologies to create a vibrant workplace of continuous learning. Such an environment brings together people with diverse viewpoints, drawing out new perspectives from experts and people with searching questions.

John Ciardi once said, “A good question is never answered. It is not a bolt to be tightened but a seed to be planted,” and that's true of many questions you can ask yourself and others in your organization. Here are a few such seed-planting questions to ponder:

- **How can you assure** that you'll follow through on your plans and that your strategies have been effective? (See “How To Measure Fundraising Success” on page 8 and “Do You Use Your Evaluation Findings to Full Advantage?” on page 26.)

- **What are the most essential ingredients** for organizational success? (“Four Workplace Commandments,” page 27).
- **How does your personality** affect your work and relationships? (“What Makes You the Way You Are?” on page 27).
- **What is one less thing** you and your organization can do and still be whole and complete? (“Take Back Your Time,” page 24).
- **Are you aware of clues** that drastic change is coming? (“All Events Come from a Distance,” page 12).
- **How can you tell** when it's time to revise the way you operate? (“Recognizing Signs of Change,” page 26).
- **What meaning** do you wish to share? (“Questions to Help You Articulate Your Vision,” page 26).
- **What ideal end state** are you shooting for? (“What Would the Perfect Volunteer-Involving Organization Look Like?” on page 14).

New beginnings are all around us. We see them clearly when we ask good questions about what is possible. 



Jill Muehrcke
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Five Things to Do Next Monday

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

1. **Carve out one hour** to do some reading. Keep a notebook by your side, and list possible trends you uncover as you read. (For details on this and other trend-watching ideas, see “Track the Trends” on page 12).
2. **Count the number of ways you measure fundraising success** (pages 8-9), and add more if necessary.
3. **Ask yourself if you could be more welcoming to volunteers**, and implement some of the ideas on pages 14-15.
4. **If you don't have a gift recognition policy**, look into creating one, taking advantage of the advice on page 4.
5. **Take the quiz** on page 6 to see if you have any misconceptions about raising money.

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Can You Partner with a For-Profit Company?

What are the pitfalls?

“The IRS will examine such a venture very closely.”

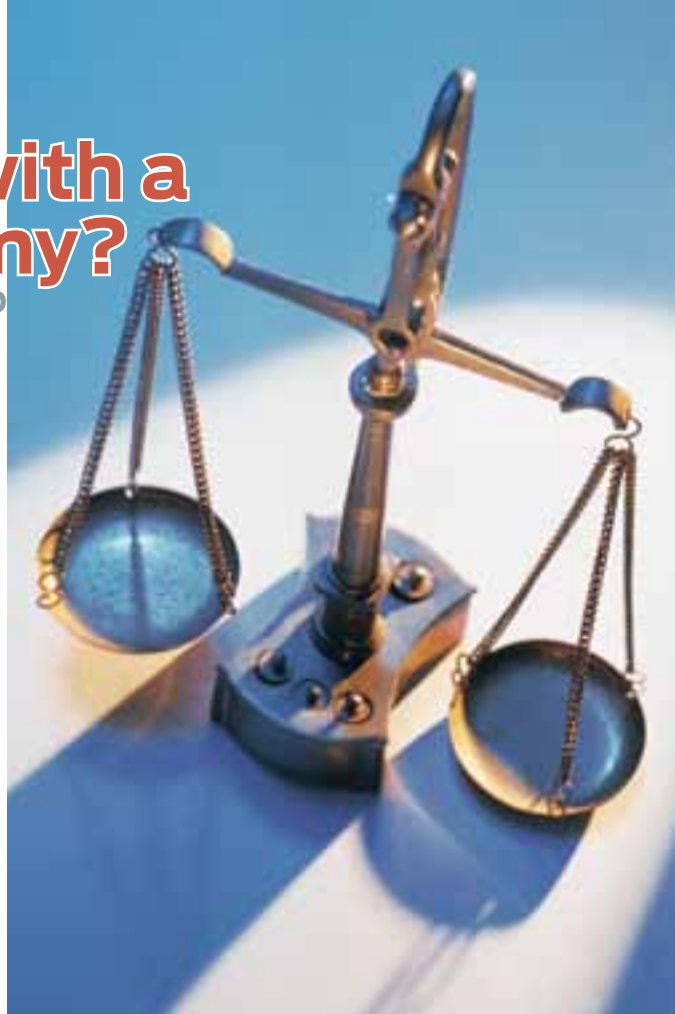
Q Is it possible for a 501(c)(3) nonprofit organization to go into a partnership with a for-profit business corporation on a 50-50 basis? Are there different tax issues involved?

A It isn't illegal for a charity to enter into a 50-50 joint venture or partnership with a for-profit entity. But the IRS will examine such a venture very closely.

The IRS basically takes the position that if the charity doesn't control the venture, then the venture, no matter how closely related to the charity's exempt purpose, is deemed to be unrelated business activity for the charity. A charity that conducts a substantial non-charitable activity can lose its exemption.

The IRS doesn't win all of its cases. But the administrative hassle may not be worth it. **S**

*Don Kramer
Nonprofit Issues
nonprofitissues.com*



What's the Best Way to Recognize a Major Donor?

Should you thank large-gift donors differently from small-gift ones?

Q We are a small nonprofit and received a very large donation (over \$1 million) from a single individual, and a “thank you” letter seems inadequate. Are there any guidelines on recognizing individuals who make large donations?

A Congratulations on securing a major gift. Many smaller nonprofits don't know how to solicit or accept large gifts. They seem to be afraid of the money, much like some people are afraid to take a challenging job because they fear success.

The first question you should ask is: “What does my donor want? How would this donor like to be recognized?” That's the most important question. If you have a policy of recognizing large donors with a dinner, for example, and your donor hates the idea but goes along because the invitations are in the mail, you've met your needs, but not the donor's. And you've jeopardized an important donor's good will.

Different people like different things. I hate to sound like a “policy nag,” but you need a gift recognition policy. The first paragraph of that policy is a simple question: “What does the donor want?”

“You need a gift recognition policy.”

Have an honest conversation with your donor, or make it part of the solicitation. Donors need to be recognized in ways that are meaningful to them. Some donors like anonymity; others want 24 different news releases, a dinner, and special privileges for the next two generations of their relatives. Some donors are willing to use the recognition of their gift to leverage or inspire others. We like them best!

A gift recognition policy will help your organization think about opportunities to recognize donors at every level and set reasonable limits so that the recognition is appropriate to the gift. Having a policy also will encourage you to set different recognitions at different levels of giving, encouraging you to give adequate recognition to every donor, not just the very rich ones! **S**

*Jeane Vogel
Fund Raising Innovations
Nonprofit-Innovations.com*

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Harnessing the Internet to Raise Funds

How much do you really know about fundraising on the Web? Check your Web IQ with this quiz.

By Mal Warwick

Get out your pencil and notebook now. It's time for a pop quiz. Question: Which of the following statements are true, and which are false?

- ___T ___F **The most important thing for raising money online is the capacity to accept donations on your Web site.**
- ___T ___F **E-mail costs so much less than direct mail that it's rapidly replacing it as a fundraising medium of choice.**
- ___T ___F **Nonprofit organizations in the United States are raising more than 10% of their revenue online, and that proportion is expected to rise to 50% by next year.**
- ___T ___F **The way to raise money online is to take your direct mail letters and send them out by e-mail to all your donors.**
- ___T ___F **Almost everyone in the United States is now online, so it's only a matter of time before nonprofits can expect their donor lists to grow exponentially through an influx of younger donors who will join online.**

Did you figure out that not one of these answers is true? If so, go to the head of the class! But if you're unsure about whether these statements reflect current reality, listen up.

The Truth of the Matter

Fundraising online is a highly promising field, but it's a world in itself, with its own rules, quirks, and culture. If you plunge in blindly, heedless of the idiosyncrasies and challenges of communications online, you may find that fundraising via e-mail and the Internet is anything but cheap or easy. For starters, here are a few of the things you can (and can't) expect from online fundraising:

- **E-mail, not the Web, is the key to raising money online.** A strong Web site is absolutely necessary, but it's far from sufficient. If you build it and just let it sit there, they won't come.
- **Online fundraising revenue is growing at an astounding rate — an estimated 35-40% annually — but it's building on a very small base.** Even if we assume straight-line growth at the rate of 37% per year (which is not a safe assumption), we'll have to wait a few more years before online fundraising accounts for even 10% of philanthropic giving.

“Here are a few of the things you can (and can't) expect from online fundraising.”

- **Online fundraising techniques don't work equally well for all nonprofit organizations.** Those engaged in emergency humanitarian relief are the biggest beneficiaries — and those organizations with well-known brands, such as the Red Cross, the Salvation Army, and UNICEF, are the biggest of all. Prominent advocacy organizations such as Amnesty International and the Human Rights Campaign have also gained in major ways from the Internet, largely because they deal in hot-button issues that dominate the headlines. (The issues that have attracted the most attention are personal and civil liberties, environmental protection, and human rights.) Although organizations in other fields have sometimes managed to build significant online donor files, they're not the rule. Not yet, anyway.
- **Despite the hype about the Internet's big fundraising success stories, relatively few donors have given online.** Those who do, however, give much more money on average than direct mail donors — frequently twice as much. Online gifts of \$100 or more are common.
- **The Internet's competitive advantage against all other media is speed.** In your direct mail fundraising program, you may allow months to elapse between conception and the mailbox. That would lead to utter failure online. It's no accident that the most successful online fundraisers are disaster relief agencies, advocacy organizations, and political campaigns — because all of them rise or fall with breaking news. To make the Internet work for you as a fundraising tool, you'll need to find some way to introduce a strong sense of urgency into your appeals.
- **The demographics of Web users reflect a lower median age than that of direct mail respondents.** After all, the median direct mail donor for most nonprofits tends to be 55 or older, and for some organizations the median age can reach into the seventies. But the fact that teenagers and twenty-somethings have grown up with the Internet and can often be found in cyberspace at any hour of the day or night doesn't mean that they're now rushing into philanthropy. Yes, online donors tend to be younger than direct mail donors, typically in their forties and fifties rather than their sixties or seventies. But online communications reach older folks as well as youngsters — and it's the older ones who disproportionately respond to appeals for money.

“Online gifts of \$100 or more are common.”


What We Know and What We Don't

Decades of research into the habits and expectations of direct mail donors have given us considerable insight into what's

“Find some way to introduce a strong sense of urgency into your appeals.”

likely to work in the mail, and what isn't. (Even so, our best guesses are wrong far too often!) Research into the minds of online donors is, by comparison, in its infancy. Fundraising online on any meaningful scale dates only to the late 1990s. Bluntly put, there's a whole lot more that we don't know than that we do know about raising money online.

One thing we know for certain, though: Many of the techniques that work in the mail most assuredly don't work online. There are profound differences in style, format, and approach between the two media. If your Web site features brochures and direct mail appeals transposed intact, you've probably already discovered how ineffective they can be.

Oh, one last point: The technical demands of raising money online can be daunting. Chances are, unless you or a member of your staff is a dyed-in-the-wool geek with a broad knowledge of what works online, you'll find your organization's performance on the Internet to be limited if you try going it alone. For starters, you'll need to sign up with an online service provider, such as Convio or one of its less expensive competitors, to manage the technical aspects of maintaining your list, sending out e-mail messages and e-newsletters, and hosting your Web site. You'll also likely find it advisable to hire one of the growing number of online fundraising consultants. Let the consultant keep up with the proliferation of online opportunities on your behalf, while you stick to raising money. 

Mal Warwick is chairman of Mal Warwick Associates (malwarwick.com). This article is excerpted from his book How to Write Successful Fundraising Letters, Second Edition (Jossey-Bass, josseybass.com).

Fast-Track Fundraising

For more on Internet fundraising, take a look at these articles (NonprofitWorld.org/members):

How to Measure Online Fundraising Success (Vol. 26, No. 1)

Beyond the Single E-Mail Message: Running Effective E-Mail Campaigns (Vol. 23, No. 3)

Reach New Supporters with Multichannel Tools (Vol. 29, No. 2)

Hearing Donors' Third Voice (Vol. 29, No. 3)

Using E-Mail & the Web to Acquire & Cultivate Donors (Vol. 21, No. 1)

E-Mail Deliverability: Increase Your Chances of Getting Through (Vol. 23, No. 2)

Online Fundraising Success Factors (Vol. 26, No. 2)

The Purposeful Techie: Nonprofit IT with Intention (Vol. 30, No. 5)

The Peer-to-Peer Fundraising Evolution (Vol. 30, No. 6)

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How to Measure Fundraising Success

Here are seven steps to evaluating your fundraising efforts.



By Bill Harrison

It would be easy to measure fundraising success according to one criterion — new philanthropic income generated after expenses. Unfortunately, many CEOs use that one measurement alone. When they do, they're selling themselves short.

Before you review your development efforts, take time to understand fundraising so you can better evaluate the personnel and programs. Here are seven steps to fundraising evaluation:

1. Compare your results with your plan.

The first step is to compare your accomplishments with written fundraising plans. You should have an annual fundraising plan that details your goals and objectives.

Such a plan is vital to your evaluation process, but don't consider it carved in stone. For example, if the fundraising plan projects \$500,000 in new cash revenues in the next fiscal year and only half that amount appears on the balance sheet, was the development effort a failure?

Not necessarily. Why? Fundraising is based on the principle that if you ask people to give, they eventually will. However, a donor's best intentions may be thwarted by a family illness or financial set-back, requiring the fundraiser to accept the gift later than planned. This is the reality of fundraising.

Also remember that pledges and in-kind gifts are valuable assets. Include them on your financial statements as well.

2. Use benchmarks for success.

For each type of fundraising program, ask questions to pinpoint effectiveness. Here are questions to help you evaluate three of the most common types of fundraising programs:

Special Events:

- **Did the event raise** the money planned?
- **Was visibility** for the organization increased?
- **Were new donors and funding sources** identified?
- **Did the event encourage involvement** by staff and volunteers?
- **Was the event fun?**

Mailing Programs:

- **Did the mailing raise the money** planned?
- **How many new donors** were generated by the mailing?
- **Was the mailing** cost-effective?

Planned-Giving Programs:

- **Have you impressed the board** with the importance of planned giving? (Has the board bought in to the program?)
- **Has a volunteer planned-giving committee been formed** to provide professional advice and assistance?
- **How are prospects identified** and solicited? (Do you use planned-giving seminars? Brochures on various giving methods? Wills clinics?)
- **What methods are used to follow up** with prospects?

3. Give high marks for initiative.

How enterprising are your fundraising personnel? Are they always looking for opportunities that could benefit the organization? For example:

- **Do they encourage the board** to raise money?
- **Do they attend classes** and seminars to acquire new skills?
- **Do they work with national fundraising organizations** and strive for professional certification?
- **Do they recruit volunteers** to help with projects?
- **Do they show enthusiasm** when confronted with difficult concepts or new programs?

“If you're not willing to raise money, you shouldn't be in the CEO position.”



“If a board member refuses to make a monetary contribution, that board member should be replaced.”

4. Recognize organizational skills.

Organizational skills are often overlooked in the evaluation process. But they shouldn't be. Development personnel must create formalized procedures to receive donations and recognize gifts. They must develop a program that will serve the organization for years to come. Such activities require orderly methods, a talent for organizing, and the ability to view the big picture without neglecting the details.

5. Appraise communication skills.

A communications program includes more than brochures and marketing pieces. Development personnel need to reach out, educating board and staff about fundraising and how it will benefit the organization now and in the future.

This education might include informational programs for board meetings, presentations to the staff, and perhaps a fundraising newsletter. It requires development personnel to be proficient in oral and written skills.

In the evaluation process, take a close look at the level of communications skills. Is it what your organization expected from your fundraisers? If not, how can it be improved?

6. Rate fundraisers' L.Q. (Laughter Quotient).

A sense of humor is not only valuable — it's essential. It can diffuse most problems and overcome frustrations.

Fundraisers must set an example, because they're on the front line with your donors and constituents. They don't have to be joke-tellers or back-slappers, but they should present an optimistic, convivial image and understand the importance of humor in a stressful world.

7. Pinpoint reasons for poor performance.

Here are some causes of poor fundraising performance:

The wrong person is in the job. It happens. The person who sounded great in the job interview may not have the professional or technical skills to do the job.

Generally, a detailed job description for the development professional will help match the right person to the position. Developing a comprehensive job description is the responsibility of the CEO and board. If you need help, call other charitable organizations that have a development office and ask to see their job descriptions.


The plan is poorly written and conceived. If the fundraising plan wasn't well-conceived or was written by someone without sufficient fundraising experience, one of two things will happen. Either people will ignore it, or they'll go astray when they try to follow it because it isn't viable.

The budget isn't adequate. A budget is the translation of future plans into financial terms. Once fundraising goals have been established, fundraisers must develop operating objectives for the year, spelling out what tasks to complete and what costs to expect. This planning forms the foundation for the operating budget.

In addition to salaries and benefits, development personnel need supplies, computers, printed materials, and recognition items for donors. The old adage that "it takes money to make money" is certainly true when it comes to raising money.

Board members aren't part of the process. You must have the board's support — not lip service but hands-on involvement in identifying donors, opening doors, and soliciting prospects. There also must be financial support from the board.

If a board member refuses to make a monetary contribution, that board member should be replaced. The most successful fundraising programs are those with informed, excited, motivated, and generous board members.

The CEO isn't involved. "If you're not willing to raise money, you shouldn't be in the CEO position," says James Powell in *Pathways to Leadership*. Often the CEO is the best person to make a solicitation, meet with a major donor, or thank someone for a gift. The CEO can also motivate other senior staff members to become involved with the process. Without the CEO's support, your organization will never attain its fundraising goals. 

Bill J. Harrison, CFRE (d83b@cox.net, iteachfundraising.com), is a fundraising consultant with over 35 years of fundraising experience. He has published more than 200 articles on fundraising and is the author of the award-winning book Fundraising: The Good, The Bad, and The Ugly (and How to Tell the Difference).

Planting Seeds

Plan for future fundraising success with these articles at NonprofitWorld.org/members:

Should the CEO Be Involved with Fundraising? (Vol. 14, No. 4)

Getting Comfortable with the F Word: Fundraising & the Nonprofit Board Member (Vol. 20, No. 4)

Improve Your Special Events (Vol. 30, No. 5)

Top Five Tips to Improve Direct-Mail Fundraising & Cement Your Future (Vol. 29, No. 2)

Planned Giving Tips for Every Organization (Vol. 23, No. 6)

Think Out of the Box for Fundraising Gains (Vol. 29, No. 5)

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

Is Bigger Better When It Comes to Board Size?

The answer may surprise you.

By Doug Eadie

There's more art than science in developing a governing board, and you're well advised to be skeptical whenever you come across one of those "golden rules" that abound in the governance field, especially when you hear it espoused with scientific certainty. This is certainly true when you're dealing with the question of board size, which is often the subject of heated debate and considerable passion. One particularly misleading piece of conventional wisdom is that small boards (often defined as under 15 members) are preferable to larger ones.

This fallacious "golden rule" has led many boards to reduce their effectiveness by engaging in needless and damaging downsizing. This isn't to say that a board can't be too large and unwieldy (it's rarely a good idea to have more than 30 board members), but think twice before sliding down the slippery slope of board downsizing without serious forethought.


A board of at least 15 members is preferable to a smaller board in three major ways:

“Think twice before sliding down the slippery slope of board downsizing.”

You can achieve greater diversity. Diverse backgrounds, perspectives, experience, knowledge, and expertise are a major asset in making high-stakes decisions and fashioning policies to deal with complex matters. The more diverse the board, the more likely it will be to raise pertinent questions and avoid marching lock-step to disaster because of an ill-conceived and unchallenged course of action. In today's rapidly changing, challenging world, diversity — especially in terms of ethnicity and gender — is also a major cultural and political asset for any organization that wants widespread public support.

You can expand your access to resources, including money and political support. Many larger boards set aside board seats for critical stakeholders — for example, foundations, government agencies, and sister associations — that are in a position to provide resources. In addition, many board members participate in such functions as speaking for their organization in pertinent forums, testifying before legislative committees, and even lobbying with foundations on behalf of funding applications.



You can achieve the critical mass needed to use standing committees. Well-designed standing committees can make a major contribution to high-impact governing, mainly by dividing the work into manageable "chunks" that let board members deal with issues in greater depth. Standing committee work not only strengthens governing decisions, but builds satisfaction among board members. 



*Doug Eadie is president and CEO of Doug Eadie & Company (DougEadie.com, Doug@DougEadie.com), specializing in building high-impact board-CEO partnerships. **SPECIAL OFFER FOR NONPROFIT WORLD READERS: Receive a 25% discount on Doug Eadie's books Meeting the Governing Challenge, Building a Rock-Solid Partnership with Your Board, and The Blind Visionary at NonprofitWorld.org.***

Resources

Eadie, Doug, "Can Standing Committees Contribute to High-Impact Governing?", *Nonprofit World*, Vol. 25, No. 2.

Fox, Mark, "Tools for Improving Your Board's Diversity," *Nonprofit World*, Vol. 25, No. 5.

McCrary, Kenneth, "Look Beyond Tradition to Diversify Your Board," *Nonprofit World*, Vol. 22, No. 4.

Weisman, Carol, "How Big Should Your Board Be?", *Nonprofit World*, Vol. 20, No. 6.

These resources are available at NonprofitWorld.org/members. Also see Learning Institute programs on-line: Board Governance (NonprofitWorld.org/LearningInstitute).

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All Events Come from a Distance

Are you on top of the most important trends? Here's a foresight starter set.

By Bruce Glasrud

As soon as nonprofit folks find out I'm a futurist, they usually ask what the latest trends are in the nonprofit arena. Although I'm flattered to be asked, I'm a bit dissatisfied with the question. I'd much rather have nonprofit executives ask about trends they've already identified in their particular mission sphere. Then I can further sleuth out those trends, verify their insights, and help them strategize around the omens and portents.

Too often, though, nonprofit executives become mired in the day-to-day struggle of keeping their organizations afloat. Thus, they fail to attend to that "better future" they purport to create for our communities.

A Quick Quiz

Let's run a little exercise:

- 1. List three major trends in your specific mission arena. (Don't put down anything about funding woes. That is less a trend than a fact of life.)**
- 2. Note how many years you've known about each trend.**
- 3. Now indicate how many years each trend was probably growing before you discovered it. This will need to be a guess, but make it an honest one.**

What do your answers tell you about the trends in your field? How often have important trends snuck up on you? How many trends have you known about yet disregarded till they got too big to discount? Is there a gap between a trend's arrival and the moment you acted to take advantage of that trend? If so, you may benefit from doing some trend sleuthing.

Track the Trends

Here's how to use your increased awareness of the trends shaping the future of your organization.

Admit to yourself that you don't know what you don't know. No matter how long your professional tenure, no matter how recent your degree or continuing education, things have changed. Intellectual complacency is not a management survival skill.

Set aside a time every week to do professional reading. *Nonprofit World* is a good place to start, especially for general nonprofit information. But also keep abreast of your specific mission sphere. Subscribe to print and online newsletters and blogs that reflect the leading edge of thought-leadership in your field. Read them faithfully. Don't let them pile up.


“With a high vantage point, foretelling the future is elementary.”

“How often have important trends snuck up on you?”

Block out a time every week to analyze trends gleaned from your weekly reading. Map out possible “what-if” strategies you could use to rise to their challenges. You'll eliminate a lot of future floundering.

Nonprofit execs desperately need to add trend tracking to their list of routine daily tasks. Nonprofit boards need to add trend-tracking expertise to the list of competencies they look for when hiring an executive. Boards themselves must adjust their focus toward oncoming horizons, not the typical “strategic” planning that extrapolates on the here-and-now.

The best way to prepare for a fast-changing world is to connect with what might be coming tomorrow and then pre-figure your responses. The future belongs to those who foresee change and manage their organizations rationally, even amid chaos.

As was written in the Tao Te Ching, “All events come from a distance.” With a high vantage point, foretelling the future is elementary. 

Bruce Glasrud (<http://thirdsectorhorizons.com>, info@thirdsectorhorizons.com, 651-336-9229) is a futurist, specializing in anticipatory management strategies for nonprofits.

Trend Watching

Gain more clues to spotting the trends with these *Nonprofit World* articles at NonprofitWorld.org/members:

Being Pro-Active Means Being Pro-Future (Vol. 18, No. 5)

Thinking Out of Pandora's Box (Vol. 20, No. 2)

Prepared & Resolved: How to Become Future-Ready & Make an Impact (Vol. 26, No. 1)

Why Predict the Future? (Vol. 19, No. 3)

Will & Vision: Keys to Advancing Your Organization (Vol. 26, No. 2)

Advance to the Future or Retreat to the Familiar? (Vol. 22, No. 6)

Your Future Just Walked in the Door – Or Out of It (Vol. 18, No. 4)

Welcome to "Your Profitable Nonprofit." In this new column, we'll explore remarkable ideas that leading nonprofit organizations are using to increase their income. Each column will share a successful funding concept, plus adaptations for your use.

Mastering the Art of Getting Expert Help

Expert help at no cost? It's possible with this invaluable strategy.

By Karen Eber Davis

Has anything like this ever happened to you? Smack at your busiest time of year, a key leader resigns. Or, your board endorses and funds a new program. You're delighted, but short-staffed and concerned. You lack the time and expertise to complete the program's new tasks.

Both these situations actually happened to two different nonprofits. Let's look at these real-world cases and see how both problems were solved. As you'll see, the first case represents a short-term approach, the second, long term. But both solutions were based on the same strategy: using in-kind donations to maximize human capital.

Short-term Excellence

The first situation occurred when the executive director of a foundation resigned because of health issues. To find a replacement, the foundation turned to one of its board members, who led a large firm. He asked his firm's personnel department to lead the national search for a successor.

This strategy succeeded because personnel departments do this kind of work regularly, while the foundation did so infrequently. The contribution saved time, reduced risk, and enabled the foundation to tap into the expertise it needed. Another benefit: The foundation's leaders interacted with the personnel department, establishing new relationships.

Long-term Results

The second example comes from an award-winning program that helped renters become homeowners by providing down-payment assistance in the form of a small loan. A big challenge with running the program was the need to gather and collect information on applicants. Instead of the program's staff gathering critical mortgage information, the program used the materials collected by the loan companies for the closing.

This strategy succeeded because of the companies' expertise in data collection and their need to gather the majority of the information for their work. Since the program allowed the mortgage companies to do more business, they were interested in helping. The down-payment assistance program recruited, qualified, and trained 20 companies to participate. It saved the program weeks of duplicative work.

“The strategy saves time and money while providing superior results.”

What Is The Strategy? How Might You Use It?

This strategy proactively uses volunteer experts to provide high-skilled, in-kind expertise to solve important operational needs. The first example works with one firm to solve a need; the second, over a dozen. Both examples benefit the volunteers. The first example honors a board member's gift, the second the businesses' bottom line.

To adapt this strategy in your nonprofit, be intentional and creative about identifying expertise you need. Technology tools such as Skype have created new possibilities for communicating with experts.


The examples identified help in processing applications and hiring. They are just two ways to apply the strategy. Consider other areas of your operations. Ask yourself:

- **Could you use this strategy** to solve an IT need?
- **How about personnel issues**, like training?
- **What about help with purchasing?** If you occasionally purchase vehicles, might expertise from a vehicle-orientated business get you a better price and streamline the process?
- **What skills might help you improve a task or tasks?** What expertise saves time?
- **What external process already in place can, with tweaking, reduce your work** either one time or on an ongoing basis?

In your planning, consider how this gift of expertise helps the donors. Can they use it to increase their business or enhance their brand? Will it reduce stress for an existing expert just to complete a task right, rather than teach you how?

Also, as you explore the strategy, consider how you'll handle the risks involved. What measures can you install upfront to ensure that your nonprofit's needs are met?

High-value experts value their time. Both examples involve volunteers providing services efficiently where they work, which saves them travel time. Can you identify tasks volunteers can do in their own offices? By eliminating the need to be in traffic, can you attract new help?

Success with this strategy reaches beyond passive wish lists. Obtaining results stems from intentional efforts. How can you be more intentional about obtaining in-kind expertise? 



Karen Eber Davis is an expert in nonprofit innovation and income. Her book, *Nonprofit Income Without the Mystery*, will be published later this year. She can be reached at Karen@kedconsult.com or www.kedconsult.com.



What would the Perfect Volunteer-Involving Organization Look Like?

By Susan Ellis

In the way you treat volunteers, how close are you to the ideal?

Someone asked me recently what the perfect volunteer-involving organization would look like. No one had ever asked me that before, but I appreciated the point. After all, if we can't picture the results of our efforts, we won't be motivated to do the work necessary.

“Discussions about resources are never limited to ‘where can we find money?’”

So, here's what I think an organization would look like if it practiced everything we preach about creative, welcoming, and effective volunteer management, led by a skilled director of volunteer involvement with the full participation of top management and all frontline staff.


- **The organization is a busy place**, because all sorts of people are energetically focused on projects and services. It feels welcoming to clients and visitors because of the positive atmosphere and because the special needs of each individual are being addressed.
- **Everyone coming into contact with the organization is treated as a prospective long-term friend of the organization**, regardless of the initial relationship.
- **Money donors are cultivated** not only for more cash, but also for their time, skills, and contacts.
- **Time donors are valued** for their volunteer work and as potential financial contributors, as well as for the many spheres of influence they open in the community.

- **Volunteers with a predetermined time frame, such as students interning for a semester or corporate employees giving a day of service, don't disengage** when their volunteering is done. They continue to receive updates from the organization and future invitations to reconnect.
- **Clients are seen as partners in service delivery**, not just as recipients of service. Once successfully assisted, they continue to be kept informed about the organization and invited to participate in helping others.
- **On a regular basis, executives meet with volunteer office and development office staff**, exchanging leads and planning community outreach to identify as many potential friends as possible. The lists of names of all donors — money and time — are compared, and people are invited to become involved in both ways. They're also encouraged to extend that invitation to their family and friends.
- **Discussions about resources are never limited to “where can we find money?”** Any new initiative is analyzed for what

“Everyone is treated as a prospective long-term friend.”

will assure the greatest success. Then a plan is developed to generate a mix of resources. These resources might include, for example:

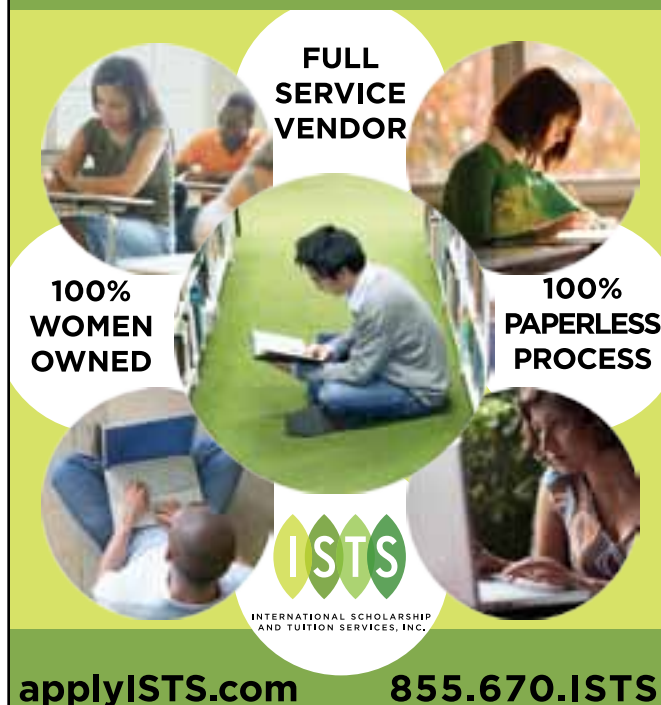
- **recruiting** skilled volunteers
 - **seeking** donated goods and services
 - **hiring** new staff
 - **engaging** consultants
 - **redeploying** current staff.
- **Paid staff see themselves as responsible for assuring the best service possible** for clients and the public. This means doing the work directly when the employee is best qualified and able. But it also means welcoming volunteers to provide different and additional skills.
 - **Staff members are recognized as much for their success as facilitators and connectors to resources** as for what they do on their own. (And labor unions understand that volunteers don't displace paid workers but, rather, expand the staff's ability to serve clients.)
 - **Board members ask as many questions about volunteer involvement** as about fundraising. They actively recruit their friends and contacts to donate skills as well as money. Further, board members are required to spend a certain number of hours each year in frontline volunteer roles so that they can see for themselves what they're governing.
 - **Rather than appreciating volunteers** mainly as *hands* (with a *heart*), everyone realizes that the availability of so many more people with different skills and perspectives enlarges the organization's *brain*. Challenges faced by the organization are routinely shared with volunteers who, as representatives of the community, ask good questions, give suggestions, and brainstorm possible solutions. Any "staff survey" naturally includes volunteer responses.
 - **Volunteers represent the organization** when paid staff can't — or when paid staff wouldn't be as effective. As private citizens, for example, volunteers might testify at government hearings, cross geographical and other jurisdiction boundaries to find other resources, and form collaborations with other organizations (possibly through *their* volunteers).

Ah, it's lovely to dream. This bright future is pretty far away in too many organizations. But it's not impossible. All we need to do, as leaders of volunteers, is believe in it ourselves. 

Susan J. Ellis is president of Energize, Inc., an international training, consulting, and publishing firm specializing in volunteerism. Based in Philadelphia since 1977, the firm has helped a wide diversity of clients across North America, Europe, Latin America, Asia, Israel, and Australasia to start or expand volunteer efforts. Ellis has written 12 books on volunteerism and dozens of articles. She is co-publisher of the international online journal, e-Volunteerism (e-volunteerism.com), and dean of faculty for the online volunteer management training program, Everyone Ready®. Browse the 1200+ pages of free volunteer management information on the Energize Web site: energizeinc.com.



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The Johnson & Johnson Community Health Care Program (J&J CHC), in partnership with the Johns Hopkins Bloomberg School of Public Health, is pleased to announce a grant funding opportunity for non-profit, community based health care organizations implementing evidence-based, community education programs that promote wellness and healthy lifestyle choices to prevent and reduce the impact of obesity in children 8–12 years of age.

Successful applicants will receive a \$200,000 grant to fund activities over a 2 ½ year period. A total of eight grants will be awarded in the fall of 2013 to non-profit, community-based health care organizations in these five locations:

- Lexington, Kentucky (Jefferson County)
- Chicago, Illinois (Cook County)
- Las Vegas, Nevada (Clark County)
- Charlotte, North Carolina (Mecklenburg County)
- Washington, DC (District of Columbia)

The RFP will be released in early February, 2013 – application submission deadline is May 15, 2013. For information on the application process and the J&J CHC Program, go to www.jhsph.edu/johnsonandjohnson and click on Community Health Care Organizations, or contact Sierra Veale at 443-287-5138 or via e-mail at jandj@jhsph.edu.



Key Performance Indicators: Nonprofits Need Them, Too!

By Libby Bierman

Follow these steps to financial fitness.

You hear the term “key performance indicators” (KPIs) more commonly among the for-profit crowd, but they have their place in nonprofits, too. KPIs are quantifiable measurements of an organization’s health. And usually, these KPIs are benchmarked against peer organizations for context about good and bad positions to be in. Here are some principles to remember when selecting KPIs for your organization:

When choosing metrics to watch over time, decide how best to quantify your organization’s mission. This will tell you the organization’s reach into the community and how it has changed over time. A soup kitchen, for example, might consider the average number of lunches served each day as a key indicator of performance.

Have a definition or calculation to find the KPI, and don’t change it over time. For your longitudinal analysis to be of value, you need to compare X today to X tomorrow and isolate other variables. If your “average cost per meal” includes the related overhead costs when you calculate it today, be sure to include the same costs when you calculate it in the future.

Create a target for the year, and “back solve” to determine what your KPI must be month after month to hit that annual target. For example, if your target “number of new memberships” is 500 for the year, you should be shooting for at least 42 new signups per month to hit that goal.

Set the target according to industry benchmarks. Since KPIs should be context-specific, it’s important to review how similar organizations are performing on each selected KPI. Success isn’t guaranteed by matching or exceeding others, but keeping pace with your sector will lend more credibility to your organization in stakeholders’ eyes.

Benchmark data can be difficult to find for the nonprofit sector, so speak with your accountant to determine a source for reliable data. If necessary, check public copies of similar organizations’ Form 990s and find the averages among them.


Here are three benchmarks you can use to compare historical and peer data:

- **Program efficiency ratio.** This ratio is calculated as program service expenses (money directly spent to further your mission) divided by your total expenses. This information is significant to donors, board members, and managers because it quantifies how much you’re spending on your primary mission rather than administrative costs. How many cents of every dollar spent is dedicated to your goal or programs? Ideally, this ratio would be equal to one, but such success is unrealistic for most business models.
- **Operating reliance ratio.** To figure out this ratio, divide unrestricted program revenue (inflows from operations that can be spent at your discretion) by total expenses. Calculating this number will help you gauge whether you can pay all expenses from program revenues alone. A good outcome for this measure is one, and in some cases more than one, but most nonprofits must also rely on temporarily or permanently restricted revenues.
- **Fundraising efficiency ratio.** This third ratio is calculated as unrestricted contributions (income from donors who don’t specify where the money must be used) divided by unrestricted fundraising expenses (how much money you spent to collect

“Benchmark your KPIs against peer organizations.”

“KPIs should be context-specific.”

those contributions). An important takeaway from this ratio is how many dollars you collect for every dollar of fundraising expense — how efficient you are at raising money. The higher the ratio, the more efficient your fundraising efforts.

Use these metrics as a starting point, and then select KPIs specific to your organization. Also consider having KPIs specific to certain campaigns in your organization so that you can compare how one campaign performs over another. Using information you gain from KPI analysis, you'll make better decisions regarding resource management and be able to support those decisions when reporting to stakeholders. 

Libby Bierman is an analyst at Sageworks (sageworksinc.com), a financial information company.

Your Financial Hot List

See these and other articles on finance at NonprofitWorld.org/members:

Take Charge of Your Finances (Vol. 28, No. 1)

Need a CPA at Little or No Cost? Five Ways to Find Help (Vol. 28, No. 2)

Monitoring Your Organization's Financial Health (Vol. 24, No. 6)

Performance-Based Management Builds Funding & Support (Vol. 23, No. 6)

Four Steps to Evaluation Success (Vol. 23, No. 2)

Using Your Outcome Measurement System (Vol. 18, No. 1)

Analyze Your Finances to Ensure Your Mission (Vol. 19, No. 5)

Also see Learning Institute programs on-line: Outcome Measurement (NonprofitWorld.org/LearningInstitute).



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- Build a Team, Not Just a Board



Show Me the Need



By Elizabeth McDaniel

Cut through jargon and political correctness to convey real need to donors.

“Do you know how many starving children there are in the world?”

Angelina Jolie captures imaginations with that question. In providing an answer to her query, however, many organizations responsible for feeding those kids here in the United States would respond by saying:

“Sixteen million American children live with food insecurity.”¹

These two attention grabbers may be trying to make the same point. The second may even make that point with more precision. But it fails to pack much of a punch. Why? Because it confuses a simple, relatable condition — hunger — with a vague, politically correct phrase about “food insecurity.”

What does “food insecurity” mean to someone who’s reading a charity’s case for support or an e-appeal on the Net? Does it have something to do with the safety of the food supply? With our families’ attitudes about food? With an impending food shortage or one that’s already here? And while “food insecurity” doesn’t sound like a particularly good thing, it doesn’t sound terribly horrific either.

Use Your Most Powerful Tool — Vibrant Language

It’s disturbing when organizations advocating on behalf of truly, tragically hungry and poor Americans insist on using unclear, deadened terminology like “food insecure,” “economically

challenged,” and “underprivileged.” Terms like this have a way of sterilizing conversations about the darker realities of life. It’s so much easier to hear about underprivileged kids facing food insecurity than about the poor kids down the street who have to root through a neighbor’s trash to find some supper.

Nonprofits may shy away from such vivid images to “protect the dignity” of the people they serve. But using dull, colorless language is no way to preserve dignity. When human beings are ground into the dirt by poverty, their suffering is mocked by a term like “economic insecurity.” There’s a bitter irony in any effort to preserve people’s dignity when our language trivializes the real needs they face, making their lives seem less painful than they are.

“You need to cut through professional jargon to make your point clear.”

When hazy, abstract terminology invades fundraising communication, there’s a good chance that donors will stop listening. Such terminology robs the message of any sense of need, any urgency, any notion that there really is a problem that must be solved.

And it saps the truth out of the message ... a truth that most Americans never have a

first-hand chance to see, and can only learn from the charities that serve the most vulnerable, most invisible people in our land. While the existence of hunger and poverty in America — even right there in a donor’s neighborhood — can be a hard reality for many to wrap their heads around, euphemisms like “economic challenges” actually work to reinforce the myth that no one is really hungry or desperately poor in America.

Rather than making the needs of suffering Americans more visible, this kind of language blunts a donor’s perception of need

¹See <http://feedingamerica.org/faces-of-hunger/hunger-101/child-hunger-facts.aspx>.

“It’s disturbing when organizations insist on using unclear, deadened terminology.”

and covers up the real human misery behind it. So, the neediest of the needy remain invisible — even to donors who may have the will and capacity to help them.

It’s our responsibility as nonprofit professionals to use all the tools at our disposal to meet the needs of the communities we serve. We do a great disservice by anesthetizing language, one of our most powerful tools.

Enter the Heart of the Donor

One reason that well-intentioned organizations go astray in this way is a reluctance to leave behind the institutional mindset and enter the psyche of a donor. While facts and figures may impress and compel us in our nonprofit work, it’s different for the majority of donors. They give from the heart, not from the head. That’s why Angelina Jolie’s question about “starving children” has so much more appeal than the statistic that answers her question in terms of “food insecurity.”

Before you give anyone the facts about hunger in your community, tell them about six-year-old Sam sneaking food home from school lunch in his pockets so he’ll have something to eat over the weekend. The emotional impact of a story will beat out facts and statistics every single time.

Another reason why organizations water down fundraising communication is a preference to focus on their successes, rather than on the needs of the people they serve. They believe that donors will be more motivated to give if they stress the positive and spare them the gloom and doom.

But it’s precisely the doom and gloom that draws the donors’ response. Donors want to feel like they’re truly making a difference. They want to believe that their gifts are rescuing children or animals or the environment from impending calamity. If an organization stresses how they’ve met one need after another, it may leave a donor wondering: “Great. So, what do you need me for?”

An anecdote from Save the Children provides a clear illustration of this principle.² Several years ago, a board member complained that their well-known infomercials “consisted of nothing but unrelenting misery.” He asked, “Can’t we say something about the good things we do? Surely that will motivate people to give.”


Save the Children tested his theory. In a new spot, 20 out of the 60 seconds consisted of program information. Although the change was relatively small — enough to go consciously unnoticed by viewers — the difference in response was dramatic.

²David Trim, vice president of the Russ Reed Agency, shared this information shared during a roundtable at the DMA NonProfit Federation.

“The language you use can trivialize real needs.”

While the original spot brought new donors in for \$165, the new spot cost \$280 per new donor — a \$115 difference. That’s \$115 out of the mouths of hungry kids.

If we’re truly concerned about the dignity of the people who suffer the tragic indignities of poverty and hunger, we shouldn’t run from the truths that haunt their lives. These miserable conditions will only persist if we allow them to remain invisible, if we mask and gloss over the hardships they endure.

It’s up to us to tell their story, to harness the power of real and visceral language to make people believe in the needs we know so well. So, show donors the need, and there’s a good chance they’ll show you the money. 

As senior writer at Blue Crane Creative (bluecranecreative.com, mcdaniel.elizabeth@gmail.com, Elizabeth McDaniel works as a copy writer for a number of national charities.



Your Communication Toolbox

Find more communication tools at NonprofitWorld.org. Here is a sampling:

How Jargon Undermines Communication (Vol. 27, No. 2)

Cynicism Rx: Authentic Communication (Vol. 24, No. 6)

How to Write a Fundraising Letter (Vol. 29, No. 5)

Telling the Story: Exploring Clients’ Lives (Vol. 17, No. 1)

How Do Effective Nonprofit Leaders Communicate? (Vol. 13, No. 1)

Operating Reserves: Not Just for Disaster Recovery

By Jim Hagestad

Do you need an operating reserve? If so, how big should it be?

Litigation, an economic downturn, the loss of a major donor — such events can catch your organization off guard and unprepared for the financial impact. The good news is that you can manage such situations if you have an operating reserve.

“Your reserve needs can change from year to year.”

Benefits of Operating Reserves

The chief benefit of an operating reserve is financial protection from unexpected revenue shortfalls or increased expenses. Added benefits include:

- **improved management** of risks
- **flexibility** to invest in new opportunities
- **better strategic** decision-making.

Determining the Right Amount

The board establishes an operating reserve to maintain a specific balance for operating purposes. How much is enough? There's no one formula that works for everyone. To determine an appropriate amount for your organization:

- **Identify potential risks** to your organization's financial health.
- **Estimate how long it might take** to manage each risk.
- **Quantify the potential revenue lost or expense incurred** by the risk.

Depending on your organization's circumstances, your reserve needs can change from year to year. For example, a nonprofit with a large donor base and a growing investment portfolio might decide that a three-month reserve is enough. However, if that same organization plans to construct a new building and obtain a loan to finance the project, a suitable reserve might be six months or more.

Therefore, you should also consider the factors below when determining an appropriate operating reserve amount:


Planned events. Future plans that involve large financial commitments will limit your operating flexibility. Even if the planned event doesn't occur for several years, you need time to build up a reserve beforehand.

Existing financing. An available line of credit gives your organization the ability to weather short-term fluctuations in cash flow. However, a line of credit that's in use for an extended period may indicate other cash flow difficulties. Principal and interest payments on long-term debt require cash for the life of the loan, reducing operating flexibility.

Sources and concentrations of revenue. Revenue derived from a small donor base can be more susceptible to

“Revenue derived from a small donor base can be more susceptible to competition.”

competition from other nonprofit organizations and economic factors. In addition, if you derive most of your revenue from one or two grants, you're at risk should those grants be curtailed in future years.

Take time to analyze your financial risks, evaluate your weaknesses, and consider what might go wrong in the future. Then establish and maintain an operating reserve to help you weather those risks. By planning ahead, you'll be prepared to manage a potential financial crisis — and take advantage of future opportunities. 

Jim Hagestad is an audit senior manager in the not-for-profit practice at Blackman Kallick, 10 S. Riverside Plaza, 9th Floor, Chicago, Illinois 60606, 312-980-3245, jhagestad@BlackmanKallick.com, blackmankallick.com.

Resources

Barr, Kate, “The Yin & Yang of Operating Reserves: What You Need to Know,” *Nonprofit World*, Vol. 27, No. 1.

Cutt, James et al., “Do You Have Enough Cost Information to Make Good Decisions?,” *Nonprofit World*, Vol. 15, No. 6.

These resources are available at NonprofitWorld.org/members.

please get in touch...



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Drop us a note at: Letters to the Editor, Nonprofit World, P.O. Box 44173, Madison, Wisconsin 53744-4173.

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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.NonprofitWorld.org, sign in as a member, and click on the Nonprofit Forum link.

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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.NonprofitWorld.org/social/>
(free Yahoo login required)

or send a blank e-mail to:

NonprofitWorld-subscribe@yahoogroups.com

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

Is Your Financial Information Online?

By Marie Blouin & Roderick Lee

If not, you may be missing some crucial opportunities.

The IRS requires nonprofits to make their Form 1023, Form 990, and Form 990-T publicly available. One of the best ways to do so is to disclose this information online. Many watchdog organizations and regulatory agencies have urged nonprofits to make such Web disclosures.

“Only 3% of nonprofits posted IRS Letters of Determination.”

But, despite this longstanding advice, a recent content analysis of 117 community foundation Web sites revealed that only 62% posted financial statements and 13% posted an IRS 990.¹ Similarly, an examination of 1,769 nonprofit Web sites revealed that only 43% posted annual reports, 13% posted audited financial statements, and 3% posted IRS Letters of Determination.²

Why Does It Matter?

Recent research has yielded useful guidance on why and how your organization should disclose on the Web. Here are some of the main benefits online disclosure might bring to your organization:

- **You can build people's trust.** Web disclosure is increasingly being recognized as a tool to improve transparency, accountability, and public trust.
- **You may see increased donations.** According to recent research, organizations that disclose online receive more donations.³ Additionally, those strong financial performance indicators you've been working so hard to achieve are more strongly associated with donations when people can read about them on your Web site.⁴
- **You want to set yourself apart from the crowd.** Given the low disclosure rates mentioned above, providing financial statements online can truly differentiate your organization.

Moreover, potential donors and other users may assume the worst about your performance if you disclose nothing at all. Even if your organization's administrative expenses are a little higher than you'd like or you would rather keep the CEO's salary out of the public eye, you may be better off disclosing such facts to distinguish your organization from those that don't disclose anything at all because they have something worse to hide.

- **You'll fulfill the IRS requirement that your Form 990 (and other documentation) be available for public inspection.** Once you've made your financial data available on your Web site, you can check the "Own Web site" box on the Form 990, Part IV, line 18, and you'll minimize future time spent responding to requests for copies.
- **Forthright disclosure is consistent with your mission and an added service to your donors and clients.** It lets donors know that you've been a good steward of your organization's resources. It holds your leadership accountable to your donors and those served.

What Should You Disclose Online?

Use the following best practices about what information you should post online:

“Organizations that disclose online receive more donations.”

¹ Saxton, Gregory D., Daniel G. Neely, & Chao Guo, "Web Disclosure and the Market for Charitable Contributions," *Working Paper Series*, <http://ssrn.com/abstract=1912966>

² GuideStar, "The State of Nonprofit Transparency," *Voluntary Disclosure Practices*, <http://publications.guidestar.org/blog/2009/03/17/transparency/>

“Potential donors may assume the worst if you disclose nothing at all.”

- **If you produce an annual report, add it to your Web site.** You’ve already done the hard work of preparing the report; the next step is to make it easily accessible to interested users.
- **Post general information regarding your organization’s vision and mission, along with an easy way for people to get in touch.** It’s important to provide a clear and concise mission statement and vision to inform the public of your organization’s purpose.
- **Regularly update your Web site with detailed program and service information.** This information should contain the frequency of offerings, any costs associated, and how to enroll in the program or service. Also, include performance outcomes and broader community impacts.
- **List the names of board and staff members, along with brief biographical and contact information.** Listing board members provides information on who is governing the organization, while staff members’ names let people know who manages the organization and oversees the delivery of programs and services. Be sure the list of board members includes their position, affiliation, and the unique skills each one brings to bear on your mission.
- **Provide financial statements (audited if possible) and IRS forms,** including Forms 1023, 990 and 990-T.
- **Add the IRS Letter of Determination.** Donors are interested in confirming that the organization is tax exempt. The IRS Letter of Determination authenticates your organization’s tax-exempt status.


How Should You Present the Information?

Use these guidelines on how to make your financial information available in the most effective way:

- **Display information in a readily identifiable format.** Sophisticated users should be familiar with the Form 990 and a standard set of nonprofit financials that includes an income statement and a balance sheet. If possible, present both of these formats so users can easily compare your organization with others.
- **Consider an executive summary.** For less sophisticated users, a summary highlighting important financial statistics and a brief explanation of their meaning may be more useful than the presentation of formal financial statements. This is an ideal place to brag about positive financial outcomes (“Our administrative expenses have dropped to 5% of our total expenses”), explain less desirable results (“Our capital expenditures are high due to much-needed maintenance on the buildings where we provide services”), and appeal to donors by highlighting needs in your operating budget (“With

your support we can replace outdated equipment and reduce maintenance expenses”).

- **Keep your disclosures readable.** If users can’t easily understand the information you’re providing, it ceases to be useful. For help with stylistic elements of clear writing, see the SEC’s “Plain English Handbook” (www.sec.gov/pdf/handbook.pdf). To improve readability of your statements:
 - **Use tables** instead of text whenever possible.
 - **Simplify complex topics** such as fair value disclosures.
 - **Eliminate** redundant disclosures.
 - **Take advantage of your auditors’ experience** to incorporate best practices in your disclosures.
- **Use meaningful names for your Web site’s navigation structure.** Select names that make it clear what content users will find. It’s best to stick to obvious names such as About Us, Contact Us, Staff, and Governance.

Web disclosure is an incredibly useful way to improve transparency and accountability. Providing financial and governance information in a clear, concise manner on an easily navigable Web site will make your organization a positive example of what transparency means in the nonprofit world and yield benefits for years to come. 

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Roderick Lee is an assistant professor of information systems, Penn State Harrisburg (rlee@psu.edu). His research and teaching interests are centered on information technology in nonprofits and groups.

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³ Saxton, Gregory D., Jenn-Shyong Kuo, & Yi-Cheng Ho, “The Determinants of Voluntary Financial Disclosure by Nonprofit Organizations,” *Nonprofit and Voluntary Sector Quarterly*.

⁴ Blouin, Marie C. and Roderick L. Lee, “Does Web Disclosure of Financials Change Their Impact on Donations to Nonprofits?”, *Working Paper*.



Take Back Your Time

By Donald E. Wetmore

Enhance your success with these important habits.

You can increase your success and that of your organization by developing and refining your time management skills. Here are four of the best strategies:

1. Plan an hour per day for “me time.” During this time, add a new dimension to your life: Learn a foreign language, develop computer skills, or whatever you dream of doing.

One hour a day is 365 hours a year. Since the average college course is about 35 classroom hours, that equals 10 college courses per year. One hour per day and you become a full-time student! By taking one hour of focused study each day, you can become a world-class expert in a topic of your choice.

2. Establish a regular reading program. It can be just 15 minutes a day. With that small investment, the average person will read 15 books in a year.

Also, consider taking a speed reading course. You can double your reading rate and comprehension, opening up an enormous chunk of time.

3. Create a daily action plan. Include not only the things you “have to do” but the things you want to do. Parkinson’s Law tells us that a project tends to expand into the time allocated for it. If we give ourselves one thing to do during the day, it will take us all day. If we give ourselves two things to do, we get them both done. If we give ourselves 12 things to do, we may not get 12 done, but we may get eight done.

Having a lot to do in a day creates a healthy sense of pressure on us to get focused and get it done. We almost automatically become better time managers, less likely to suffer interruptions or waste time in meetings. Just take care not to overload yourself beyond capacity.

4. Prioritize your list of “things to do.” Some of our tasks are “crucial” and some aren’t. We have a tendency to gravitate to the “not crucial” items because they’re typically quicker, more fun, and easier to do.

Identify the most important task you need to do and label it as a “1,” the second most important task as a “2,” and so on. Then tackle your items in order of importance, doing the most crucial items first. You may not get everything done, but you’ll accomplish the most important things.

Or, look at your to-do list in another way by asking these questions:

- **What one thing** could you eliminate from your organization’s to-do list without harming your success strategies or compromising your vision?

LEAST PRODUCTIVE TIME

According to a *USA Today* poll, the least productive time of the day for employees is:

8-10 a.m.	10%
10 a.m.-noon	4%
Noon- 2 p.m.	19%
2-4 p.m.	28%
4-6 p.m.	37%
Don’t know	2%



If you’re like most people, you’re better off getting the important things done in the morning.

- **What project would free up the most resources** with the smallest negative impact if you took it off your to-do list altogether?

Such questions reveal the essence of what really matters.



Donald E. Wetmore (Productivity Institute, ctsem@msn.com, balancetime.com) is a speaker and leader of time management seminars.

It’s Never Too Late

Learn more about making the best use of your time with these *Nonprofit World* articles available at NonprofitWorld.org/members:

Defeating Delays (Vol. 26, No. 5)

What to Do Next (Vol. 24, No. 1)

Never Enough Time (Vol. 26, No. 5)

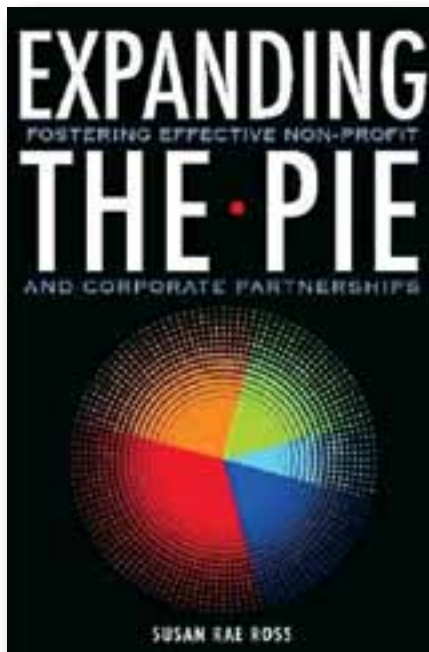
Too Much to Do: Four Keys to Effective Delegating (Vol. 26, No. 1)

A Guide to Organizational Partnerships

There's a lot to consider when collaborating with for-profits. This book provides the tools you need.

By Terrence Fernsler

Expanding the Pie: Fostering Effective Non-Profit and Corporate Partnerships. By Susan Rae Ross. Softcover. 281 pages. Kumarian Press.



“Decide why you want to partner and whether you have the capacity to do so.”

In this user-friendly book about engaging in successful partnerships, Susan Rae Ross discusses a variety of different collaborations. Her main focus, however, is on partnerships between for-profits and nonprofits. These have become increasingly common as societal problems become more complex, requiring different groups to work together to devise effective solutions.

Partnerships aren't viable unless they add more value than a single generation can achieve on its own, Ross tells us. Otherwise, there's no reason to make the investment. While that's true for any partnership, it's especially important to remember when it comes to nonprofits and businesses, because they have such different drivers. The benefits of partnering may be outweighed by the costs, especially the high cost of staff time.

Before moving ahead with a cross-sector partnership, it's vital to put a great deal of thought into the matter. Be aware of the key differences between for-profits and nonprofits. For example, the two may have very different expectations and measures of success. Businesses may define success as increased visibility or sales, objectives that can be achieved in relatively short timeframes. Nonprofits often measure success in terms of changes in human conditions that require years to show results.

Overcoming such differences requires both partners to be flexible, learn throughout the process, and be willing to develop new attitudes.

Ross provides an eight-step decision-making framework for designing, implementing, and evaluating partnerships:

1. Conduct an internal assessment.

Decide why you want to partner, whether you have the capacity to do so, and what assets you can bring to the partnership.

2. Identify and research potential partners.

Review the practices of various corporations. Come up with criteria that are important to you, and use them to create a shortlist of suitable partners.

3. Make your business case to selected partners.

Leverage your contacts to identify someone within one of the companies you've chosen. Contact that person, and organize an initial meeting. Explain how a collaboration will benefit the corporation in terms of increased goodwill, productivity, visibility, and the like. Repeat this process with a small selection of companies.

4. Conduct due-diligence to select the best partner.

Based on your selection criteria and discussions with potential partners, decide which business might be the best fit. Conduct an in-depth assessment of your potential partner. Design strategies to mitigate the risk and synergies to maximize benefits.

5. Negotiate structures, systems, and outcomes.


Create an agreement, describing the partnership's vision and objectives. Answer questions such as: How will the partnership be managed? How will resources be exchanged? What will the responsibilities of each partner be? How will decisions be made? How will grievances be addressed? Under what conditions can either partner terminate the relationship?

6. Start the partnership. Formalize the launch with a press conference or public announcement.

7. Implement and communicate.

Hold planning processes with key stakeholders.

8. Evaluate the partnership. Assess performance against stated goals.

Ross refers the reader to key resources; offers clear, concise examples of all important partnership aspects; and provides excellent tables that summarize her most important points. *Expanding the Pie* is a valuable tool for any organization considering or already in a partnership across sectors. 

Terrence Fernsler has been a nonprofit professional for over 30 years and is currently a candidate for a Master's in Nonprofit Leadership degree at Seattle University.

Recognizing Signs of Change

To remain effective and thrive, organizations can't remain static. Their structure needs to change with new circumstances. Susan Gross believes there are seven predictable scenarios that signal times to reassess and adapt — the passages she brings to light in *Seven Turning Points: Leading through Pivotal Transitions in Organizational Life* (published by Fieldstone Alliance, available for a discounted price at NonprofitWorld.org/discounts/books).

Often the solutions of one lifecycle stage become problems of the next. Those problems aren't separate and unrelated, to be addressed one at a time. They're interdependent and highlight the need for systemic change. Recognizing that many problems are common characteristics of growing pains allays blaming, and helps organizations adapt.

Most people get involved in nonprofits to be agents of social change, not organizational managers or theorists. Still, many of us have had to learn to build, manage, and sustain effective organizations. This book helps us do so by recognizing organizational problems caused by change — and the best ways to meet these challenges.

— reviewed by Terrence Fernsler

Which Pivotal Point Is Next for Your Organization?

Use these questions to pinpoint times when you must reassess the way you operate and make fundamental changes — or risk decline:

Do you need to operate in a more organized way, moving from a loose, family style to more structured policies?

Is it time to make management and organizational development a higher priority? Have your organization's management needs outstripped the executive director's skill?

Does the board need to relinquish some control to a strong executive director?

Is it time to stop diffusing your resources and focus your staff and budget on clearly delineated areas?

Should you decentralize power and let a whole new team of staff leaders emerge?

Do you need to recapture your core — the overarching goals toward which all your work will aim — and consolidate your operations and programs accordingly?

Is it time to create a succession plan to avoid a crisis if your executive director leaves? 

Questions to Help You Articulate Your Vision

Imagine your organization somewhere out on the time horizon. From “out there,” answer these questions in the present tense. Invent answers that you find thrilling, inspiring, motivating — answers that you (and the people around you) are passionate about. From your answers to these questions, you will have your vision.

1. **What important problems** do you solve?
2. **What unique market position** do you control?
3. **What is your geographic coverage?** Are you local? National? International? Intergalactic?
4. **What value does your organization create** in the world? Is that value provided to: consumers, governments, kids, small businesses, giant corporations, humanity?
5. **What kind of people** work for your organization?
6. **What role** do you play daily?
7. **What does the press say** about your organization?
8. **What's special** about working for your organization?
9. **How is your organization growing?** New products and services? Spin-off businesses? Entrepreneurial activities?
10. **How would you describe** your organizational culture?
11. **Who are your customers?** What do they say about your organization?
12. **What is your organization** known for?
13. **How do you redefine the industry** you're in?
14. **From out in the future,** what's the future of your organization?

—By Paul Lemberg, paullemberg.com

Do You Use Your Evaluation Findings to Full Advantage?

Don't underestimate the power of what you learn through evaluation. Your evaluation findings can motivate staff, engage others with your mission, demonstrate accountability, establish a sense of confidence in your organization's work, involve the media, and improve effectiveness.

Information Gold Mine: Innovative Uses of Evaluation provides examples of how real nonprofit organizations used evaluation findings for these purposes and more. When incorporating evaluation results becomes routine, it can lead to creative, unexpected results throughout the organization, as this inspiring book makes clear. Published by Fieldstone Alliance, it's available for a discount at NonprofitWorld.org/discounts/books.


— reviewed by Terrence Fernsler

What Makes You the Way You Are?

A renaissance is under way in the study of personality, according to Daniel Nettle in *Personality* (Oxford University Press, oup.com). A new type of personality test combines the frustrating profusion of unrelated constructs of the past into one coherent, comprehensive framework called the five-factor model or the big five. It's based on the idea that there are five major dimensions along which everyone's personality falls. Here are the five factors that make you who you are:


- **Extraversion.** High scorers are outgoing and enthusiastic. Low scorers tend to be quiet and reserved.
- **Neuroticism.** High scorers are prone to stress and worry. Low scorers are emotionally stable.
- **Conscientiousness.** High scorers are organized and self-directed. Low scorers tend to be spontaneous and careless.
- **Agreeableness.** High scorers are trusting and empathetic. Low scorers are uncooperative and hostile.
- **Openness.** High scorers are creative, imaginative, and eccentric. Low scorers are practical and conventional.

If you and your employees take the test, you'll know how to tap into each person's greatest strengths. Understanding your personality can help you make the most of what you have and temper traits that don't serve you well.

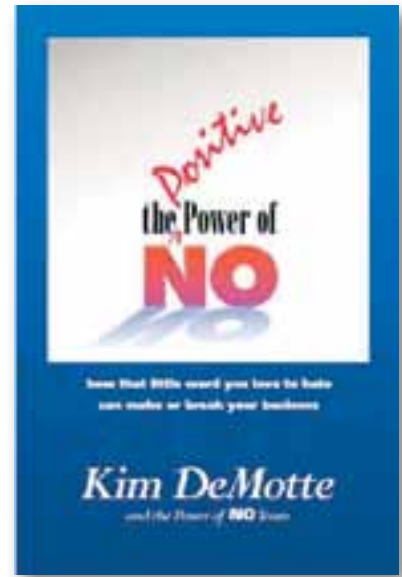
As Nettle explains, you don't have to change yourself, but you can change your self's outlet once you have complete self-knowledge. You can encourage yourself to go "against the spin," thus adjusting your behavior, making wiser choices, and reframing the way you see yourself and the world. 

Four Workplace Commandments

Do you follow these four essential tips for organizational success?

- **Set goals, and monitor them constantly.** Every month, let employees know what next month's goals are.
- **Don't micromanage.** Letting people make their own decisions gives them a sense of ownership in the workplace.
- **Make sure employees learn from their mistakes.** Ask them to write up reviews of their mistakes, describing what they've learned and what they'll do differently next time.
- **Remember, culture is everything.** If you want your organization to stay innovative, you need to create a culture to match. Reward what you want to see more of. 

— adapted from Five Point Capital, fivepointcapital.com



The Power of No

The word “no” is a powerful tool to help you reach your goals and take control of any situation.


Why? Your mission, vision, and plan depend on what you say “no” to. Your “no” defines your “yes” — the core of your work and your focus.

When? Say “no” whenever you reach a predetermined limit. That means you must decide beforehand what you'll decline to do. You must have a clear-cut purpose that you won't breach. Preparing proposals for grants that aren't a true fit, for example, is a waste of resources.

Where? The best place to say “no” is in the other person's space. Waiting for the rejected party to come to you is fraught with miscommunication potential (“you didn't say no, so I assumed yes”). Go out of your way to deliver the news so both of you can move on.

How? Always say “no” with compassion and dignity, in the spirit of “this didn't work out, and I wanted you to know as soon as possible so we both can explore other possibilities.”

Be sure everyone in the organization understands the clear limits beyond which “no” is the answer. When everyone knows what the mission is and what it's not, your organization has defined itself. That's the essence of strategy — setting limits on what you're trying to accomplish.

When you're clear about what you don't want, you have a profound advantage. 

— adapted from *The Positive Power of No* (powerofno.com)

How to Get Buy-in for Your Good Ideas

We've all had the experience of coming up with a brilliant idea that suffers a slow death because we can't gain widespread acceptance for it. *Buy-in* by John P. Kotter and Lorne A. Whitehead (Harvard Business Review Press, hbr.org) offers a powerful way to build support for a good idea.

Although it's a simple, effective approach, it's seldom used, perhaps because it's counterintuitive. Rather than keeping naysayers out of the room, it welcomes them into the discussion and virtually encourages them to shoot down your idea.

The key is to listen to detractors, show respect for their viewpoints, and respond with short, clear, common-sense comments. Then listen carefully to people's feedback, and incorporate their good suggestions into your idea.

Don't forget that it's impossible to overcommunicate your ideas, using different settings and modes of communication. And never underestimate the negative effect of just one good idea being derailed. It could be the difference between success and failure for your organization.

Some Good Answers

Here are common attacks you may encounter along with ways to respond to each:


Attack: We've been successful, so why change?

Response: True. But surely we've all seen that those who fail to adapt eventually become extinct.

Attack: You exaggerate the problem.

Response: To the good people who suffer because of this problem, it certainly doesn't look small.


Attack: We can't do it without new sources of money.

Response: Sure we can. Most important changes are achieved without new sources of money. When people truly buy into a proposal, they find the money. 

Boost Learning through Social Media

To stay on top of their game, successful organizations develop a learning culture. They encourage employees (including volunteers) to keep up on trends and new information. Creative learning organizations use social media not only for marketing purposes but also to supplement the learning environment, as Tony Bingham and Marcia Conner explain in *The New Social Learning: A Guide to Transforming Organizations through Social Media* (Berrett-Koehler Publishers, bkconnection.com).


The first chapter looks at trends and uses of social media for learning purposes, while each subsequent chapter focuses on a particular social media tool (media sharing, twitter, virtual communities, wikis, and virtual simulators), showing how you can use each one to increase organizational capacity. You can use virtual simulators and communities, for example, for practice scenarios where participants can fail safely; virtual practice improves performance and decision-making capabilities in real situations. You can use twitter at conferences to talk about presentations while they're happening, ask questions of presenters immediately, or inform colleagues about the content of sessions they're unable to attend.

The book is intended for leaders at all levels who encourage continual learning in their organizations. It explores uses of social technology to retain, motivate, engage, and build staff capacity. It's an excellent guide to using the power of social media to broaden participation, generate meaningful conversation, boost learning, and maximize employee impact within your organization. 

— reviewed by Terrence Fernsler

Questions to Ask before Your Next Conversation

If you want a conversation to be productive, put some thought into it beforehand. Here are questions to assure that everyone involved will gain as much as possible from the conversation:

- **What's the purpose?** What will people learn? Why does it matter?
- **Have you invited everyone** who cares about the outcome to be part of the conversation?
- **How can you make space** for the whole story — good, bad, or indifferent?
- **What expectations do you have?** Do others expect the same things from the conversation?
- **Is the conversational space welcoming** to the diverse people involved? 

— adapted from *Engaging Emergence: Turning Upheaval into Opportunity*, Berrett-Koehler Publishers, bkconnection.com



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