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Nonprofit World

Advancement Through Sharing

Protecting against Fraud

Don’t let swindlers tarnish your organization

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SOCIETY for NONPROFITS

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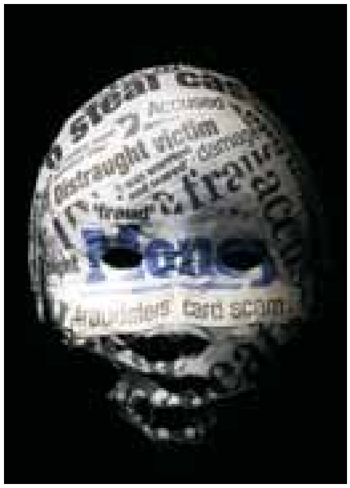

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September/October 2013

FEATURE STORY
Fraud and financial misconduct are just as common in nonprofit organizations as elsewhere. Too often nonprofit leaders deny it, cover it up, and pretend it doesn't happen. We'd all be better off if we shone a bright light on the ways people commit fraud and methods to prevent it. Turn to page 12 for more.

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@NonprofitWorld.org.

What the Ostrich Knew

The ostrich doesn't literally bury its head in the sand. What it does is press its neck flat against the ground when it's in danger, hoping to blend with the background and disappear.

But the image of the giant bird with its head in a hole is a useful metaphor for the way we humans behave. Rather than confront painful truths, our tendency is to deny them, look away, and go on with our lives.

Why do we so willingly keep ourselves in the dark? As Margaret Heffernan explains in *Willful Blindness*, denial can be such a useful strategy, protecting us from uncomfortable realities, that we tend to use it even when it's downright dangerous.

Since defense mechanisms like denial are hardwired into our brains (see "Why We Deny the Obvious — and What to Do about It" on page 26), overcoming them requires a concerted effort — a fierce determination to see. Such clear-eyed vision is much harder than going along with the status quo. We can't notice everything, so we filter out the things that unsettle us and focus on what makes us feel good.

Our willful blindness was obvious in the banking and foreclosure crisis, which people would have seen coming much earlier if they'd opened their eyes. But they were enjoying themselves too much, making too much money, living large just as they'd always dreamed. They didn't see because they didn't want to.

It's especially easy to deny reality when the culture around us reinforces faulty vision rather than encouraging independent thought. Catholics didn't see that priests were sexually abusing boys because they couldn't bear to confront the truth. Seeing would destroy their sacred traditions, their very view of the world.

In a similar way, we like to pretend that fraud in the nonprofit sector is an aberration. Because our work is based on idealism and belief in human goodness, we don't want to acknowledge that thievery and deceit are just as common in nonprofits as in corporations. We want to think the best of people. But if we don't face the facts squarely, we create a culture that encourages and perpetuates the problem.

Over and over, we hear stories of organizational leaders who trusted one person to take care of all the accounting functions — a recipe for disaster. "Protecting against Fraud" (page 12) and "Five Ways to Avoid Hiring a Liar" (page 28) give you the tools to avoid such calamity.

Another way to keep blind spots from undermining your organization is to have well-crafted policies and procedures. Such systems provide agreed-upon standards and guidelines for everyone to follow. (Check out "Great Policies & Procedures for Your Organization" on page 14.)

Leaders are particularly susceptible to willful blindness. Research shows that those in powerful positions are more optimistic in the face of risks. They're so confident that they stop looking for alternatives and cut themselves off from vital information.

> "What's needed is a fierce determination to see."

Even worse is the fact that the less we see, the more certain we become. The more we narrow our vision, the more threatened we are by what's at the periphery, and the more firmly we shut it from our gaze.

That's why it's crucial to create an organizational culture that celebrates debate, learning, and input from as many sources as possible. "Survey Do's and Don'ts" (page 25) explores ways to gain feedback that's valid and reliable.

"Ergonomics: What Does It Mean for You?" (page 16) underlines the importance of moving workers from job to job. Letting them switch places frequently is healthy for mind, body, and spirit. It promotes openness, honesty, and awareness. And it brushes away cobwebs of secrecy and subterfuge.

Our craving for certainty, comfort, and sameness can be our worst enemy. "Cultivating Next-Gen Board Members" (page 8) describes the importance of diversity in making sure we're exposed to a range of ways of thinking and being. The wider our view, the surer we can be that danger won't creep up while we're looking the other way.

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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. **Check whether you have at least two young people** (in their 20s or 30s) on your board. If not, begin the process of cultivating next-gen board members (page 8).
2. **Perform the first step** of an ergonomic assessment of your organization (see "Pinpoint Problems in Your Organization" on page 16.
3. **Decide whether your organization** has an environment with zero tolerance for fraud. (See "Protecting against Fraud" on page 12).
4. **Choose three fundraising goals and prepare to benchmark them** as described in "Simplify Benchmarking to Raise More Funds" (page 4).
5. **Figure out your asking style** and how to use it in raising funds (page 28)

Does the Federal Government Owe You Tens of Thousands of Dollars? Here's how to claim the health-care credit for your organization.

Buried in all the controversy about the Affordable Care Act (ACA) (often referred to as "Obamacare") is a tax credit that may save you tens of thousands of dollars a year. The small business health care tax credit (Tax Credit) is an incentive for small employers, including nonprofits, to provide health insurance coverage to their employees.

The Tax Credit is effective for taxable years beginning in 2010. Nonprofits may be eligible if they contribute a uniform percentage of at least 50% toward the cost of their employees' health insurance.[1]

For tax-exempt organizations, the Tax Credit can be up to 25% of premiums paid. It takes the form of a refundable credit against the amounts the employer is required to withhold from its employees' wages for federal income taxes and Medicare tax, plus the employer share of Medicare taxes.

Eligibility for the Tax Credit

To be eligible, your organization must (1) employ fewer than 25 full-time-equivalent (FTE) employees; (2) pay average annual wages of less than $50,000 per employee; and (3) offer health insurance and pay at least 50% of the premium.

Fewer than 25 Employees. To calculate the number of employees, add up the following: (1) number of full-time employees (those who work at least 40 hours a week); (2) number of FTE employees (divide the number of annual hours of part-time employees by 2,080).

Wages of Less than $50,000 Per Employee. To determine average annual wages, take the total annual wages paid to employees and divide it by the number of employees from the previous step.

How to Claim the Tax Credit

You can claim the credit on Form 990-T ("Exempt Organization Business Income Tax Return") and receive the credit as a refund, even if you have no taxable income. You may claim the credit for up to six years (the initial four years from 2010 through 2013 and any two consecutive years) if you buy insurance through the Small Business Health Option Programs, which are part of the insurance exchanges established under ACA.[2]

If you've already filed a Form 990-T for years 2010 and 2011, you may still claim the tax credit for those years by filing amended returns. Even if you're not required to file Form 990-T, you may do so to claim the tax credit. There's no penalty for late filing.

This article was prepared by Gammon & Grange (www.gg-law.com), a law firm serving nonprofit organizations and businesses throughout the United States and abroad.

[1] Employer contributions to health reimbursement arrangements (HRAs), health savings accounts (HSAs), and flexible spending accounts (FSAs) aren't eligible for purposes of computing the tax credit. See IRS Notice 2010-82.

[2] ACA requires the establishment of these exchanges in each state (by January 1, 2014) to help individuals and employers compare and select insurance coverage from among participating health plans. See Pub. L. No. 111-148, § 1311(b), 124 Stat. 119, 173.

Know Your Employees, and Know the Law

Learn more about legal and tax issues affecting your workers with these *Nonprofit World* articles at NonprofitWorld.org/members:

How to Be Sure Compensation Is Reasonable (Vol. 17, No. 1)

Retirement Options Open Up for Nonprofits (Vol. 19, No. 1)

New IRS Employment Tax Initiative: What Does It Mean for Nonprofits? (Vol. 28, No. 2)

Where to Find Free Legal Assistance (Vol. 26, No. 2)

Is Your Retirement Plan Engaging in High-Risk Behavior? (Vol. 19, No. 2)

How to Manage Unemployment Claims (Vol. 28, No. 2)

New Regs Unravel Intermediate Sanctions Snares (Vol. 19, No. 4)

Employee Or Independent Contractor? (Vol. 10, No. 4)

Retirement Plan Changes (Vol. 26, No. 6)

Are Your Workers Properly Classified? (Vol. 13, No. 5)

Simplify Benchmarking to Raise More Funds Using built-in tools can make the process easier.

By Amanda Mallinger Reinartz

Benchmark:

- ***a point of reference*** from which measurements may be made
- ***something that serves as a standard*** by which others may be measured or judged
- ***a standardized problem or test*** that serves as a basis for evaluation or comparison

Benchmarking, analyzing, and deciding "next steps" based on your analysis of fundraising data can be intimidating. The questions are nearly endless — both for those new to benchmarking and those whose creative juices are always flowing on the topic:

- **Do benchmarks already exist?** If so, where can they be found?
- **Are the industry benchmarks applicable to your organization?** Or is it more important for you to benchmark your own performance over time? Or should you do both?
- **How should the data** be analyzed?
- **What does the analysis** mean?

Where to begin? For starters, there are some basic tasks you can perform using a fundraising and donor management database. There may even be a few new ideas for those who've already been benchmarking for years. While each organization is unique, here are some common methodologies that apply to all nonprofits.

Jumping Off: Set Your Goals

It's important to think about benchmarking as part of a larger process. On its own, benchmarking has little value. In fact, one of the main reasons benchmarking fails is because it isn't placed within a larger strategy.[1]

Why, exactly, do you need to benchmark? Through benchmarking, you can gain enough fundraising data to analyze your past performance and current status. Based on that analysis, you can decide how best to move forward to accomplish your goals.

To ensure success, start by identifying measurable goals. Without a measurable goal, there's nothing to benchmark and no reason to do it.

For many smaller organizations, it's tempting to set a generic goal like "raise more money this year than last year." While there's nothing wrong with this goal, you can better identify actions if the goal is specific. An example of a specific, measurable goal is "increase the amount of giving year-over-year from repeat donors."

If you're new to benchmarking, identify three specific goals as a starting point. If you've been at it awhile, review what you've been doing. Ask yourself if there's a common question you have difficulty answering. If that question centers on organizational performance, here's an opportunity to benchmark a new aspect of your fundraising efforts.

Benchmarking: Gather Your Data

Once you've identified your goals, it's time to consider what information is necessary to show changes in those areas. If your goal represents a new initiative, you may not be able to gather past data. It's important to determine ways you can report on this information to slowly establish benchmarks. If your goal is to increase the amount of giving year-over-year from repeat donors, for example, you can look to the past to gather useful benchmarks right now.

Most fundraising and donor management applications have a robust set of standard reports. Review these reports. Avoid creating your own custom reports unless you're sure that no standard reports exist. There are several reasons:

- **Using standard reports** saves time.
- **These reports may contain useful information** you haven't thought of.
- **With standard reports, you can easily collaborate** with others who use the same software. Such collaboration is a great way to get a picture of trends in your goal area from outside your own organization.

If you're planning to use benchmarking as a standard part of your fundraising analysis, use applications that support scheduling and distributing your reports. Doing so will reduce your manual workload. It will also ensure that you send your stakeholders recent benchmarks on a regular basis.

Another benchmarking tool in fundraising applications is query. You'll find query useful for gathering raw data. Many applications let you run queries using different parameter values. Thus you can gather data for different campaigns, appeals, funds, and time frames.

If you have trouble identifying which reports will suit your needs, review the documentation for the application and run a few test reports. If, after this, you still feel your needs aren't being met, it might be time to contact the vendor. If you have a goal in mind, the software vendor can likely point you in the right direction for reporting and querying, which may require a custom report, depending on your goal.

> "Gather sector-wide benchmarks that pertain to your goal."

[1]Thomas Pyzdek, *The Handbook for Quality Management: A Complete Guide to Quality Management,* QA Publishing, L.L.C.

Analysis: What Does It Mean?

After you've gathered a set of benchmarks that measure past performance in the context of your goal, it's time to review and analyze the data. Without analysis, it can be difficult to decide what steps to take to meet your goal.

Be aware that analyzing the data may identify a need to gather additional data. This is to be expected.

For example, suppose your goal is to increase the amount of donations year-over-year from repeat donors. You may find that in some years this amount increases and in other years it decreases. You'll need to find out if there were events those years that affected the results. You'll ask yourself questions such as:

- **Was there a recession?** Were there other country-wide or global events that affected the economy, culture, or environment surrounding your organization?
- **Did you stop mailing your newsletter?** Did you start a blog? What else did you start or stop doing?
- **What other things were different this year from last?** Which of these are most likely to have made a difference in performance? Figuring out which events were significant and which weren't is an important part of the analysis.

You may also find that certain constituent segments increased giving while others decreased.

- **Which segments increased?** Why? Were your messages to them different than to other segments? Were they more engaged in your online communications? Other reasons?
- **Which segments decreased?** Why might this be?

Discovering this information is integral to the next part of the process, deciding the next step.

Another component of the analysis phase (and it extends backward to the data-gathering phase as well) is to gather sector-wide benchmarks that pertain to your goal. You may or may not decide to use this information when planning what action to take for your organization, but it's useful to have.

Evaluate for yourself the methodologies used: They're not all created equal. Some may contain flaws or use a very small source pool. That doesn't mean they can't offer useful information. Caveat disclosed, here are a few sector resources (this list is not exhaustive):

- **Association of Fundraising Professionals** (AFP) and the Urban Institute's jointly sponsored Fundraising Effectiveness Project (FEP) and its annual surveys (afpnet.org)
- **Association for Healthcare Philanthropy's** (AHP) benchmarking service[2]
- **Council for Advancement and Support of Education's** (CASE) benchmarking surveys and tools[3]
- **NTEN's** benchmarking studies (nten.org)
- **Giving USA** (aafrc.org)
- **Target Analytics** (blackbaud.com)

> "Why, exactly, do you need to benchmark?"

Only you and the other stakeholders at your organization can decide whether to take actions based on internal-only benchmarks, external-only benchmarks, or some combination of the two.

Decision Time: Identify & Take the Next Step

After analyzing the data, review your goal. This may seem obvious, but you must ensure that your goal is foremost in your mind when deciding what the next steps should be.

Data analysis frequently uncovers additional aspects of your fundraising performance that you weren't expecting. This is great information, and you may very well need to develop goals for improvement based on this. But don't *accidentally* shift goals because of what your benchmarking and analysis reveal.

After identifying what steps to take, include them in your fundraising plan. Acknowledge that the process isn't over. You must continue to benchmark and analyze results. This process will help you identify whether your actions are eliciting the response you expect. Over time, you will also adjust your goals and perhaps break down and identify more narrowly focused goals.

Use Fundraising & CRM Software to Simplify Benchmarking & Analysis

Benchmarking, analysis, and process-tuning needn't be intimidating or difficult. By using the tools built into your fundraising and CRM (constituent relationship management) software, you can easily set aside a few minutes each month to review and analyze your current benchmarks. Quarterly or even yearly, you can evaluate what your actions will be to better meet your goals.

Always keep in mind that benchmarking isn't a static concept. As your goals and strategies shift, so should what you benchmark.

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[2] http://www.ahp.org/publicationandtools/performance/Pages/default.aspx

[3] http://www.case.org/Samples_Research_and_Tools/Benchmarking_and_Research/CASE_Benchmarking_Toolkit.html

The Not-So-Grand Grant: When the Best Response May Be "No Thanks" Why you should always look a gift horse in the mouth, and how to do it

By Terry L. Applebaum

The awarding of a grant, with its promise of new support, renews optimism and warrants a celebration.[1] This happy scenario can turn sour, however, if you don't take into account the grant's full ramifications. To keep your organization on an even keel, view the grant through these five lenses:

1. Focus on the Mission

A nonprofit's board, staff, donors, and volunteers share a common bond: a passion for what the organization does — its mission. Mission goes to the heart of an organization's purpose. Nonprofits convey their missions through programming, publications, and fundraising materials. Highly successful nonprofits go even further: They live their missions.

For a nonprofit to retain its integrity and the commitment of its people, the mission must pervade the entire organization. This principle embodies two tenets of nonprofit management: Mission drives the budget, and mission drives fundraising. Unless severe financial pressures move fiscal issues to the forefront, most nonprofits do a good job of establishing budget priorities that reflect their missions. Less clear is how effectively they rely on mission to guide fundraising. Two common scenarios cause difficulties:

- **A board member, staff member, or donor wants your organization to adopt a project and see it to fruition. The project has merit but fits only marginally under your organization's umbrella. Thus the dissonance.** You can resolve this problem by framing the issue in the broader context of what course best supports your mission.
- **Funding is available to meet your goals. Unfortunately, your organization doesn't have the same priorities as the funder.** You must resist the temptation to reshape your priorities to meet funding guidelines. This situation challenges you to hold firm to your commitment to the mission.

Pursuing grants that are only marginally linked to your mission is a risky road. Such grants may lead to short-term financial relief or meet the wishes of a few influential people. However, that path can erode your organization's commitment to its core purpose.

If this practice continues, you can find your organization's energies dispersed, trying to be all things to all people. Long-time supporters, sensing a lack of direction, will pull back or leave the fold entirely.

2. Know Your Actual Costs

Initiating a new program or expanding an existing one without knowing actual program costs sets the stage for massive losses — a harsh dose of reality, especially if you believed your organization was proceeding on a secure financial footing. Prevent such financial surprises by allocating costs, using two classifications:

- **Direct costs.** These are costs that you can easily trace to a particular activity. They may include staff, materials, or services, so long as they specifically benefit the activity.
- **Indirect costs.** These are the routine expenses of providing systems and equipment for your organization as a whole. Indirect costs include utilities, administrative salaries, maintenance on your building, and payroll services.

Sometimes an indirect cost benefits a specific program as well. How do you decide how much to allocate to a program? The best way is to discuss the issue with your staff, financial professionals, and managers with direct program responsibility.

Identifying relevant costs and allocating them to a program can be complicated. But it's well worth the effort.[2]

Regrettably, many donors restrict the use of their gifts to direct costs. Yet your organization must pay for rent, lights, heat, insurance, and salaries. Indirect costs can add up to a sizeable share of program expenditures. You should make every effort to present indirect costs as an integral part of your proposed program budget. Their inclusion serves an educational purpose: It draws attention to the true cost of running the program.

3. Control Your Budget

Budgeting is a dynamic process. Periodic adjustments are necessary to respond to special opportunities, unanticipated expenses, or changes in the competitive environment. But these adjustments mustn't throw a budget out of balance.

When building your annual operating budget, you work and rework projected expenses and revenues until budgeted revenues at least equal the amount budgeted for anticipated expenses. Contributed income typically makes up a large portion of total revenue, so receipt of a grant check brings a sigh of relief. The money will help reach the amount needed to pay for people, programs, and overhead on the expense side of the budget. Maybe.

When the budgeted grant revenue matches all corresponding expenses, that portion of the program places no additional financial burdens on your organization. To that extent, budget control remains intact. The arrival of a new grant, one not yet included in your budget, represents good news if some or all the funds can bring relief to the expense side. In this case, allocating indirect costs to the new grant takes some pressure off your overall operating budget.

Take care, however, that you don't double-count the new revenue. Suppose, for example, that a new $10,000 grant arrives with two restrictions. First, the donor wants the money used in the current fiscal year. Second, the terms preclude using grant funds to cover any previously budgeted expenses, including overhead. You must be sure you don't consider the new $10,000 as part of your originally

[1] In this article the following pairs of terms are used interchangeably: gift and grant, donor and funder, project and program.

[2] For more details on cost accounting for decision-making, see Cutt, McLaughlin, and Solloway in "Selected References."

budgeted annual fundraising goal. That dollar goal, derived as part of the budget building process, is already committed to cover originally budgeted expenses. Yet by year-end, your organization will have incurred $10,000 in new expenses. If you treat the gift incorrectly, your organization will inadvertently create a $10,000 operating deficit.

Mistakes can also happen when dealing with multi-year grants. For example, in the case of a $30,000 grant paid in three annual installments, the full $30,000 is posted as revenue in year one. If the remaining payments are again counted as revenue in years two and three, a $20,000 fundraising discrepancy results. In this instance, good financial management dictates establishing a three-year budget consistent with the three-year grant.

Single occurrences of such errors may have a relatively small effect on a larger nonprofit. For a small organization, the impact can be disastrous. Whatever your organization's size, repeated occurrences over time will result in trailing deficits that limit your ability to move swiftly in an ever-changing environment. Periodic budget reviews and ongoing conversations among those with executive, development, and financial responsibility can go a long way toward catching mistakes and dealing with them effectively.

4. Be Alert to Lost Opportunities

The decision to move forward with a project involves tradeoffs. Implicit in each decision is the lost opportunity to do something else. The loss of resources for the *next most valuable alternative* is what economists call "opportunity cost."

At first blush, opportunity costs may seem unimportant. After all, vendors don't bill for them, and customers don't pay cash in exchange for them. Be assured, while opportunity costs may seem illusive, their impact is real. Opportunity costs hinder resources for other projects, and the chance to invest those resources in a more compelling activity is forever lost. Benefits that might have accrued remain unrealized.

5. Guard Your Reputation

> ***Reputation is only a candle, of wavering and uncertain flame, and easily blown out, but is the light by which the world looks for and finds merit.***
>
> — James Lowell

A solid reputation is among your organization's most valuable assets. Committing to a project with a weak relationship to your mission, inadequate funding, unanticipated shortfalls, a drain on organizational capacity, and high opportunity costs is a surefire recipe for a diminished reputation.

If your staff, board, and supporters sense that a project has any of these problems, they'll move toward other activities. Program performance will suffer.

Word travels fast through philanthropic circles, and memories hold long. Years may pass before people are willing to support your organization again. On the other hand, a solid reputation will pay enormous dividends.

Make the Best Decision

A vast literature exists about how organizations make decisions. Assessing various courses requires study, thought, and time. As a start, test the viability of each possible path against four measures:

- **To what extent does this project support** your core mission?
- **Do you have the necessary resources** — people, time, energy, space, expertise, and money — to achieve successful results?
- **How will the project build capacity** vis-a-vis your programming, finances, and infrastructure?
- **What future benefits** — such as cash flow, staff morale, and reputation — will you give up if you invest in this project?

Make decisions informed by answers to these questions, and you'll help your organization flourish for many years to come.

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Should You Answer "Yes" or "No"?

Before committing to a new grant, ask yourself these questions:

Does it enhance your organization's mission?

Will it put pressure on your organization's capacity?

Does it take away resources from more promising activities?

Is it in line with your organization's top priorities?

Will it strengthen your organization's reputation?

Are the funds adequate to support the program in the long term?

Are you bearing in mind the program's indirect as well as direct costs?

Have you identified all restrictions that apply to the gift?

Have you included all costs associated with the project?

Are there better things you could do with your time and energy?

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

Cultivating Next-Gen Board Members

When diversifying your board, don't forget to include young people.

By Emily Davis

A mistake many nonprofit organizations make is to overlook the importance of having people with a variety of ages on the board. Age diversity can make a tremendous impact, bringing valuable perspectives to the table.

If you don't make an effort to recruit board members in their 20s and 30s, you're missing an opportunity to tap into fresh ideas, talents, and experiences. You're also missing a crucial source of donors, especially if your organization has a "give or get" policy for serving on the board.

One often cited concern is that young people don't have the necessary experience to serve on a board. If that's your worry, it's easily remedied by providing educational resources, including a comprehensive orientation, which you should be offering to all board members.

If your organization isn't comfortable bringing young people onto the board right away, encourage their participation on committees. Committee work will familiarize them with your organization and give you a chance to learn if they might be a good fit for the board at some point.

Whether you're recruiting young people for committees or board service, don't tokenize them. Avoid identifying one young person to serve in a leadership role as a representative of an entire generation. You wouldn't do that for people of color, and it's no different with younger generations.

Bringing at least two young people onto committees and the board will provide your organization with a good framework for incorporating new perspectives. Be flexible, and evaluate the process. Conduct a board self-evaluation annually, and be sure you include and listen to those young individuals on committees or the board.

Your organization may want to consider creating a "next-generation advisory board" made up wholly of young people. Some organizations call this a junior board. It's a great way to begin cultivating leadership at a young age. It will also encourage donations by solidifying the good work your organization does in young people's minds.

Identify young people who are enthusiastic about learning, service, leadership, and your organization's mission. Perhaps you can find such people among your organization's past clients and others impacted by your organization's work. By developing the skills and talents of these individuals in a leadership capacity, you're creating the potential for lifelong ambassadors and donors to your organization.

> "Board members in their 20s and 30s are a crucial source of donors."

> "Age diversity can make a tremendous impact."

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To Learn More

Here are more resources you can use to create a dynamic, multi-generational board. These *Nonprofit World* articles are available at NonprofitWorld.org/members:

Tools for Improving Your Board's Diversity (Vol. 25, No. 5)

Who Are the Young Leaders? (Vol. 28, No. 6)

How to Assess and Improve Your Board's Performance (Vol. 24, No. 1)

To Govern Well, Create a Learning Agenda (Vol. 25, No. 4)

Look Beyond Tradition to Diversify Your Board (Vol. 22, No. 4)

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

The Nonprofit Overhead Myth — Devil in the Details? A frank discussion of the overhead myth may impact the very survival of nonprofits.

By Eugene Fram

Is it absolutely vital for nonprofits to report low overhead percentages for administration and marketing? Is that the only way to satisfy donors? Or do low percentages do more harm than good? Do they make it difficult for the nonprofit to fulfill its mission? And if businesses can increase their overhead percentages in order to grow and prosper, why isn't this approach appropriate for nonprofits?

These are major questions being discussed in the nonprofit community. However, none of these discussions address several devils in the details:

- **Calculating overhead percentages is partly an accounting art.** While there are accepted accounting guidelines for developing yearly overhead expenditures, the judgment of the accounting firm may come into play. For example, the accountants may recommend either accelerating or decelerating the value of the nonprofit's real estate, which can impact the comparisons of overhead percentage with previous years.
- **Some donors require a single percentage** in order to make a decision about how and where to contribute their money. Large donors, with professional advice, can arrive at complex decisions relating to overhead percentages. But a vast number of small donors want a single guideline before making a donation. An unusually high or low overhead percentage can be a red flag for many small donors, but some nonprofits may need to justify a 30% overhead as being reasonable for what is being accomplished. However, dropping low single standards that have been culturally developed over decades will be difficult. Many small donors have been well educated to using a single guideline. How many donors will give to a charity if they know only 10% of their gift directly benefits the charity's clients and 90% is devoted to administration and marketing?
- **Nonprofits are looking to evaluate qualitative impacts** that are important to their success but aren't directly reflected in accounting statements. It's a significant challenge to measure such items as "community impact." This issue hasn't been part of the discussion of the overhead myth. But it appears nonprofits are ahead of for-profits in assessing qualitative impacts, partly because they're accustomed to using imperfect metrics well (http://bit.ly/OvF4ri).
- **The nonprofit sector has found that using imperfect qualitative data can be useful** in driving progress and tracking change. For business organizations, an article in the *Wall Street Journal* reports, "Companies are increasingly augmenting their financial reports with nontraditional performance benchmarks that aren't defined by U.S. accounting standards, forcing securities regulators to set up efforts to ensure that investors don't get suspect or misleading information" (http://www.financialnewsfocus.com/new-benchmarks-crop-up-in-companies-financial-reports-wall-street-journal/).
- **It may be less quantifiable to measure an organization's outcomes rather than its overhead percentages, but it may also be more relevant.** Brian Mittendorf, an accountant, argues that nonprofits may sacrifice reliability if they measure their impact rather than their overhead, but even he concedes that "accounting-based measures are [only] relatively reliable" (http://nonprofitnewswire.wordpress.com/2013/06/06/want-charities-to-be-evaluated-based-on-impact-be-careful-what-you-wish-for/).

> "Calculating overhead percentages is partly an accounting art."

Having a low overhead percentage has been the key to nonprofit development success for decades. But the idea that low overhead equals high performance is a myth. A low overhead percentage can lead to long-term constraints.

In a "Letter to the Donors of America," three charity regulating agencies — GuideStar, Charity Navigator, and the BBB Wise Giving Alliance — weighed in on the overhead myth, urging donors to pay attention to *all* factors of a nonprofit's performance, not just the overhead percentage. But at the same time, they argue that, at the extremes, the overhead ratio can offer insight and be "a valid data point for rooting out fraud and poor financial management" (http://overheadmyth.com/letter-to-the-donors-of-america/).

That argument, based on the belief that extremely high overhead percentages always indicate mismanagement, is leading to new laws penalizing nonprofits for having high overhead percentages. A stark example is the new Oregon law that takes away tax deductions for nonprofits that devote less than 70% of their funds to programs. Donors to these nonprofits won't be able to take deductions for their gifts (http://www.fark.com/comments/7821500/Oregon-passes-law-to-take-away-charitable-tax-deductions-for-charities-that-devote-less-that-70-of-funds-towards-actual-charity-work).

The nonprofit overhead myth has opened a path for creative discussions. Some of the devils are in the details, like those cited above, and they need to be addressed. Others will surface as some nonprofits move away from the low overhead myth and become high performing nonprofits.

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Lightning and Thunder: Making Partnerships Work for You

By Karen Eber Davis

Oil and vinegar? Zombies and ballet? An orchestra and a hockey team? Have you ever created a surprising partnership to change your image and reach your goals?

In each issue of *Nonprofit World*, "Your Ingenious Nonprofit" explores remarkable ideas that nonprofits are using to increase their income and reach. This month, we explore an unusual partnership between a nonprofit, the Florida Orchestra. and a for-profit NHL hockey team, the Tampa Bay Lightning. The sports team partnered with the arts group to, among other activities, play its new theme song, "Be the Thunder." (You can hear it at tampabay.com/sports/hockey/lightning/florida-orchestra.) Their ongoing partnership brings together two of Tampa Bay's greatest assets.

The Strategy

Over the past two decades, symphony orchestras have struggled. The public attends all sorts of events, including performing arts and sports, less frequently than they once did. When they do attend, they purchase smaller ticket packages.

> "Look for potential partnerships beyond the obvious."

In response to this climate change, the Florida Orchestra decided to help people see its orchestra in new ways as part of its strategy to thrive. They began offering a rock series featuring the music of Pink Floyd, Queen, and Led Zeppelin. They started a cultural exchange with Cuba's Music Institute of Havana. They also created a partnership with a professional sports team, the focus of this article.

Unpacking The Strategy

What fundamentals create this strategy? How can you adapt it to benefit your organization? Let's take a closer look.

A key component of this strategy is a partnership with an unexpected bedfellow. There's something alluring and irresistible about the surprise of the unexpected.

This partnership mixes a for-profit and nonprofit, a music group and a professional sports team. It brings together experts who specialize in fine finger movements with those who use large muscles to move a hockey puck across the ice. Not the usual partnership. Offering the unexpected brings attention to both.

How Can You Use This Strategy?

Seek out and be open to unusual partnerships.

Create a surprise to help you further your most important strategies.

Look for potential partnerships beyond the obvious and beneath the surface.

Hone your networking skills. Talk to people from many types of groups. Don't dismiss the possibility of commonalities with for-profits, government agencies, and the academic community, as well as with all sorts of nonprofit organizations.

Always ask yourself what you can offer a potential partner. Keep reaching out and staying open to collaborative possibilities.

Burrow deep. Ask lots of questions to uncover all the things you and your potential partner have in common and the places where your interests, values, and goals overlap.

> A key component of this strategy is a partnership with an unexpected bedfellow.

The alliance also succeeds because it creates a discrete product. In this case, the product is a recorded theme song played at the hockey games and in the Bolts' marketing materials. The product creates the opportunity for spin-offs, such as press releases, press conferences, photo ops, and special events. For example, at a special concert for young people, the musicians wore hockey jerseys, while the hockey team's mascot, Thunderbug, conducted. In turn, the theme song offers opportunities to engage the media and expose the hockey team's audience to the power of the orchestra.

It's not apparent at first glance, but when we dig deeper we learn that the two groups have more in common than just geography. The connection between the two began when a board member of the orchestra and the owner of the hockey team met at a luncheon. They were both aiming for audiences that overlapped. The Florida Orchestra was trying to speak to a broader audience, and the Tampa Bay Lightning was trying to rebrand itself as being less blue collar. This partnership involves more than picking another entity to create surprise. These deeper commonalities offer the potential for continued engagement.

Most important, from the nonprofit's perspective, the partnership is part of its larger strategy to help people see their orchestra in new ways. By itself, developing an alliance with a hockey team, while fun and innovative, might have been a distraction from the Orchestra's goals. Instead, the partnership has become a tool to help the Orchestra fulfill its vision. In the past two years, the Florida Orchestra's subscriber base has grown by an astounding 29%.

Karen Eber Davis (karen@kedconsult.com) is an expert in nonprofit innovation and author of Nonprofit Income Without the Mystery. *For over 20 years, Karen has helped leaders make dramatic improvements that "move the needle" in excellence, effectiveness, and bottom-lines. Sign up for her free newsletter "Added Value" at ked.consult.com.*

TEAM UP FOR GREATER POTENTIAL

To find the right partner and make the partnership work, see these articles at NonprofitWorld.org:

How Do Leaders of Nonprofit Partnerships Foster Collaboration? (Vol. 22, No. 3)

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

Six Keys to Successful Nonprofit-Academic Collaboration (Vol. 21, No. 1)

How to Partner for Success (Vol. 24, No. 6)

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

Four Steps to Effective Networking (Vol. 30, No. 1)

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

Protecting against Fraud

By Anne Marie Minogue

Don't let cheats and swindlers tarnish your organization. And don't think it couldn't happen to you.

Benevolence, trust, and compassion traditionally form the cornerstone of nonprofit organizations and facilitate their success. But these same characteristics can contribute to an organization's vulnerability.

> "A nonprofit is especially vulnerable if it uses an acronym of its initials."

Schemes Orchestrated against Nonprofits

Embezzlement and other fraud schemes executed against nonprofits are as bountiful and resourceful as the organizations themselves. Popular schemes include skimming (accepting a donation or payment without recording it), unauthorized fraudulent disbursements, and the payment of personal expenses with charity funds.

A nonprofit is especially vulnerable if it uses an acronym of its initials as one of its names. Checks payable to the organization's acronym can be easily altered and deposited to a personal account; for instance, CFA can become C. F. Anderson.

Other employee-perpetrated embezzlement schemes involve creating fraudulent invoices and disbursing them to fictitious vendors. Employees with access to the organization's checks may use them to pay themselves, or they can create counterfeit checks for personal gain. A donor's credit card number can be used to purchase personal goods. Also common are kickback schemes in which a vendor pays a bribe to a nonprofit employee in return for preferential treatment.

> "Also common are kickback schemes."

Nonprofit organizations are often used by tax cheats to substantiate fictitious deductions on their tax returns. Some fraudsters will go so far as to send a donation to a charity and then request a refund; the fraudster uses the original check to receive a tax deduction. There have also been instances of collusion between tax cheats and trusted individuals within the tax-exempt organization who refund 90% of the original contributions.

How to Protect Your Organization

How can you avoid such schemes in your organization? Create an environment with zero tolerance for fraud, including:

- **A code of conduct.** Be sure not only to have a clear code of ethical conduct but to communicate it to everyone in the organization and monitor compliance. Require all employees to commit to the code on an ongoing basis. Provide training to reinforce the code's principles. If the code is violated, enforce disciplinary action consistent with the level of infraction.
- **Employee screening.** Incorporate screening procedures into your hiring process. Check credit reports. Verify the candidate's education, employment, and reputation. (See "Five Ways to Avoid Hiring a Liar" on page 28).
- **A whistleblower process.** Establish a procedure to receive complaints. People need to feel confident that someone will follow up and address all concerns promptly.

> "Create an environment with zero tolerance for fraud."

- **Tone at the top.** The Association of Certified Fraud Examiners (ACFE) reports that having an ethical "tone at the top" can be the most effective way to avoid fraud. Any appearance of hypocrisy will make it easier for others to rationalize their own unethical behavior. Earn people's trust by treating them fairly and ensuring that managers at all levels follow the rules.
- **Audit procedures.** Conduct frequent audits, focusing on areas that could be vulnerable to fraud. To ensure independence, use an outside auditor. Studies show that twice as many frauds occur in organizations that perform internal audits rather than bringing in an external auditor.
- **Internal controls.** Assure that your internal control system is effective and that you have a strict segregation of duties. Separate tasks within each financial function so that one person doesn't have responsibility from beginning to end of the process.
- **Education.** Train all employees to recognize symptoms of fraud.

Anne Marie Minogue is associate director in the Litigation, Restructuring, and Investigative Services practice of Protiviti Inc. (protiviti.com), a global business consulting and internal audit firm.

Guard Your Reputation

Even if you have adequate employee-theft insurance, an instance of fraud can cause people's confidence in your organization to plummet. For more advice on preventing such a catastrophe, see these articles at NonprofitWorld.org/members:

Want to Avoid Fraud? Look to Your Board (Vol. 28, No. 5)

How to Find the Perfect Auditor (Vol. 22, No. 3)

Setting Up a Control System for Your Organization (Vol. 16, No. 3)

Protecting your Organization against Financial Misuse (Vol. 17, No. 4)

How to Conduct Discipline Interviews (Vol. 24, No. 6)

Nonprofits without Audit Committees Risk Disaster (Vol. 22, No. 2.)

Fraud: How to Prevent It in Your Organization (Vol. 26, No. 3)

New Internal Control Guidance: What You Need to Know (Vol. 28, No. 1)

Can Your Organization Afford to Lose $100,000? Safeguards Every Nonprofit Needs to Implement (Vol. 30, No. 3)

Great Policies & Procedures for Your Organization

By Sheila Shanker

They're the cornerstones on which everything else rests. Be sure they're as solid as they can be.

Policies and procedures are valuable management tools. They define roles and limitations, allowing managers to guide operations without constant intervention.

> "Choose a format that's easy to upload."

People are happier in organizations with explicit policies and procedures (also known as P&Ps). When workers have P&Ps to follow, they feel safer and suffer less stress.

What Are Policies & Procedures?

Policies are guiding principles reflecting your organization's broad, long term goals. They're linked with your organization's mission statement, code of ethics, and core values.

Many organizations keep their policies online. The Arthritis Foundation, for instance, records its policies as part of its Code of Ethics at http://www.arthritis.org/code-of-ethics.php.

Procedures are processes used to implement policies. They provide specific answers to questions such as how, when, who, and how many times something will be done to achieve the broader goal of a policy.

For example, a policy might be to provide safety to employees working with clients in the field. A related procedure could be to furnish cell phones to field workers to help keep them safe.

You may need several procedures to accomplish one policy. For example, a policy might say, "Employees should be paid in a timely manner." Procedures to accomplish this goal would include at least two separate procedures: one for timesheets and another for expense reimbursements.

Sometimes the lines become blurry as to what is policy and what is procedure. The more detailed a "policy" is, the more likely it is to be a "procedure."

Procedures change much more often than policies. Changes in laws and computer systems may force changes in procedures, but not necessarily in policies. Procedures are used to train new personnel, containing examples that may become old, requiring regular updates.

In order for procedures to work, managers and board members must be behind them and see them as important to the organization and its mission. Whoever doesn't follow procedures should suffer consequences. People not following the rules can create confusion and decrease the organization's effectiveness.

How to Develop Policies & Procedures

The best way to come up with your policies and procedures is to interview your staff and keep your eyes and ears open. Ask questions, listen carefully, take notes, and go back later to confirm information.

Follow the paper trail. Who does what and why? Gather examples of paperwork, such as deposit slips and reports. The more concrete examples you have, the better.

As you're developing procedures, you may note odd things and duplications of effort. For example, if an invoice number is being entered more than once in a computer, something is obviously not right and the process isn't efficient. Use this opportunity to identify processes that can be streamlined. If a step is being duplicated, it's time to fix it.

"You can purchase P&Ps online."

How to Write Great Policies & Procedures

Good grammar is a must in writing any business documentation. Policies and procedures are visible, important documents available to everyone in the organization. Even the best policies and procedures lose respect and value because of bad grammar and spelling mistakes.

A template is very useful to organize the process and make your policies and procedures easy to follow (see Figure 1). Since you may post policies and procedures online, choose a format that's easy to upload.

FIGURE 1: EXAMPLE OF A DETAILED TEMPLATE

Many nonprofits organize P&Ps by functional area. For example, you could identify administrative P&Ps as "A," grant management P&Ps as "B," development as "C." Then, within these areas, you could use more identifiers: The Accounting Department could be A10. Any P&P with this number would relate to accounting.

Some organizations use abbreviations to identify functions, such as HR for all human resource P&Ps. Then they use numbers to reflect different sectors within HR. Example:

HR030	Organizational Structure
HR040	Performance Management
HR100	Employment

For a detailed example of a policy and procedure, see Figure 2.

Here are more tips for writing policies and procedures:

- **Be consistent in your wording.** For instance, use the term "Accounting Department" throughout; don't switch to calling it the "Finance Department" or "Bookkeeping."
- **Don't use employees' names, only positions' names.** For example, "The receptionist opens the mail every morning," not "Jane Smith opens the mail every morning."
- **Use present tense.** Once in a while, future or past tense may be necessary, but it is the exception and not the rule.
- **Use short sentences** and no jargon.
- **Avoid passive voice,** such as "Mail is opened and forwarded to each department." Who opens the mail? Who forwards it to whom in each department?

Writing policies and procedures from scratch can be daunting, and many organizations use ready-made P&Ps. You can purchase P&Ps online as software (see "Resources" on this page), but don't use them right out of the box. They may be 80% applicable, but they still need to be tailored to your organization.

After you've finished writing your policies and procedures, have supervisors and managers review them. Be sure to review P&Ps at least once a year — more often in cases of major organizational change. The result will be a better managed organization and a great place to work.

Sheila Shanker, CPA, MBA (webshanker.com, sheila@webshanker.com) is a consultant with many years of experience in the nonprofit sector. A prolific writer and educator, Sheila writes online self-study courses and articles for national magazines, such as Journal of Accountancy. *Her book,* Guide to Non-profits – From the Trenches *is sold at amazon.com and other bookstores.*

FIGURE 2: SAMPLE OF A POLICY & PROCEDURE

AR (Accounts Receivable) Missing Payment Procedure

Document #:AR 432-03- 0237
Effective Date: January 1, 2010
Approval:

Policy # AR 432-03

Written procedures are to be developed and followed to ensure that past due receivables are followed up promptly and in a manner that is cost effective for the overall collection program.

1.0 Purpose/Discussion

This procedure explains how to resolve donor inquiries regarding payments not applied to the donor pledge account.

When donors inquire about lost payments, usually one of three situations has happened:

- We have misplaced the payment.
- We have misapplied the payment.
- We cannot find the payment.

2.0 Persons affected

Accountant
Controller

3.0 Procedures for resolution

Step 1: Seek the missing payment.
- Check the donor's account in the accounting system to see if the payment has been posted.
- Check current check batches to see if the payment is waiting to be posted.
- Check recently posted batches to see if the payment was misapplied.
- Check donor accounts above and below the subject account to see if the payment was misapplied.
- Check for any notes on donors' database.
- Check the mailroom.

Step 2: Notify the donor with the results of your examination.

If payment is found: Notify the donor that the payment was found and apologize for any inconvenience. Calling the donor on the phone is best, unless the donors' database gives different instructions.

If payment has been misapplied: Inform the donor and apologize for any inconvenience.

If payment is not found: Inform the donor that we have no record of the missing payment. Ask for a copy of the cancelled check or receipt.

Step 3: Complete any necessary transaction.

Already posted and in-process batch payments: No additional action is necessary in accounting. Add a note to the donor's file in the donors' database.

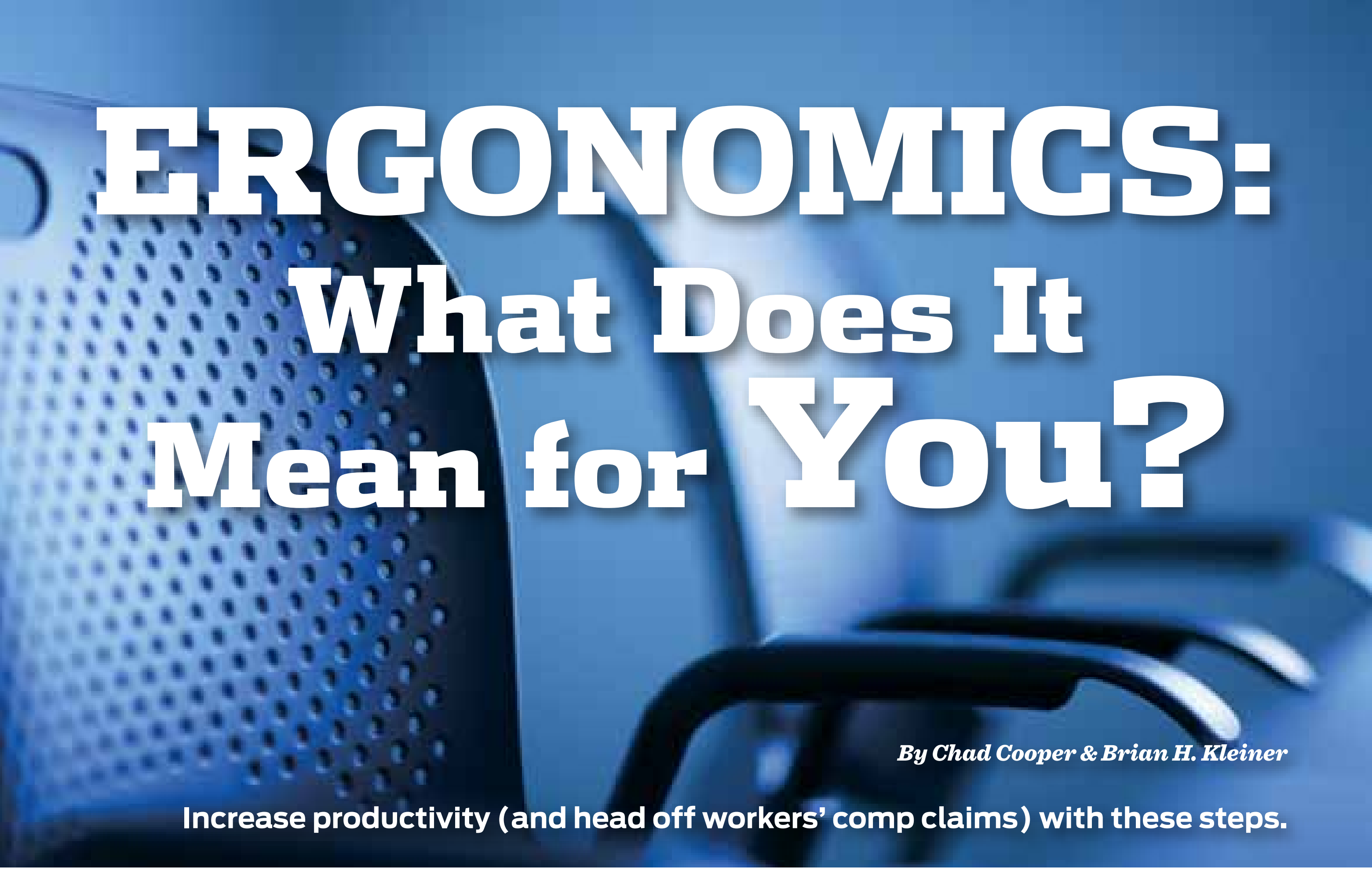
Misapplied payments: The controller makes all AR adjustments. Contact the controller for instructions.

Payment not found: Wait for the donor to provide additional documentation (see above). Contact the controller and add a note to the donor's file in the donors' database.

Resources

Software for Creating Policies & Procedures

- bizmanualz.com
- imagineids.com/non-profit-document-management
- swingsoftware.com
- policytech.com
- copedia.com



ERGONOMICS: What Does It Mean for You?

By Chad Cooper & Brian H. Kleiner

Increase productivity (and head off workers' comp claims) with these steps.

Most poor productivity and accidents in the workplace are caused by human error. And such error can often be attributed to poor ergonomics.

> "Repetitive motion injuries have increased 770% over the past decade."

Ergonomics is the study of equipment design to reduce fatigue and discomfort. It describes the interaction between employees and their job functions. The focus is on reducing unnecessary physical stress.

It's management's responsibility to reduce or eliminate such stressful conditions. Here are steps to do so:

1. Understand Common Injuries.

The most common injuries related to poor ergonomics are MSDs (muskuloskeletal disorders). They're also called RMIs (repetitive motion injuries) or CTDs (cumulative trauma disorders). These include tendinitis, carpal tunnel syndrome, and lower back pain.

Such injuries have increased 770% over the past decade (according to the Bureau of Labor Statistics). They result from repeated motions and exertions over time. They affect many parts of the body, and their interactions can be quite complex. For example, pain in the hand can result from a problem with the wrist, arm, shoulder, or neck.

For computer users, eyestrain is the most common complaint. Symptoms include burning, itching, watering, blurry vision, headaches, fatigue, concentration difficulties, and irritability.

These injuries aren't to be taken lightly. Many ergonomic injuries can progress to long-term or even permanent disabilities if not taken care of properly.

2. Pinpoint Problems in Your Organization.

It's crucial that you keep abreast of any ergonomic problems in your workplace. But how do you find out where your ergonomic problems exist?

Start by looking at your illness logs. See where there is employee turnover, absenteeism, or a large number of jobs that have to be redone because of poor quality. Ask immediate supervisors if they've noticed employees having ergonomic problems. Follow up by talking to employees to gain their perspectives.

3. Keep Up-to-Date on Ergonomic Developments.

Everything — from computers to chairs, telephones to workstations — can be made better and easier to use. Here's how some workplace products are being improved:

Computer Products. The constant innovation of the keyboard is a big part of attempts to make ergonomic products. Bell-shaped keyboards let people assume more natural positions, while keyboards packed with more functions keep people from having to use the mouse so often. The evolution of the mouse includes molded finger

Sit Up!

Share with your employees these tips on how to reduce physical problems related to computer work:

- **Sit as far away** from the computer screen as possible, as long as you can read the words on the screen.
- **Keep the mouse** as close to the keyboard as you can.
- **You don't need** to keep the keyboard directly in front of your work area, as long as your forearms have support, your wrists are kept straight, and your elbows aren't resting on anything hard or sharp.

adapted from office-ergo.com.

cups and wheels that let fingers scroll up and down without moving the entire mouse, reducing fatigue of the hands, wrists, and fingers. To alleviate eyestrain, computer companies are designing monitors with increasingly better resolution. Faster screen refresh eliminates flicker. Glare filters reduce static and radiation.

Telephone Headset Technology. Once used almost exclusively by telephone operators, headsets have become a large part of today's organizations. The option to talk hands-free without crunching the phone between head and shoulder has reduced neck injuries. New technology allows headsets to be lighter, more flexible, and customizable for the user. Sound quality continues to improve and will eventually be good enough to make voice-recognition software popular.

Office Seating. The office chair has come a long way. Workers can adjust today's chairs to the perfect height, reducing stress on the back and neck. Other features include adjustable contoured backrests for the lower back, firm seat cushions, tilt adjustments, foot rests, and foot rings. All these features combine to create a custom chair for each employee.

4. Create a Plan.

Once you've pinpointed problems in your workplace and reviewed the newest ergonomic developments, put a plan in place to reduce or eliminate problems and potential problems. Some ideas:

- **Replace old computer monitors, keyboards, chairs, and other products** with modern ones designed with ergonomics in mind.
- **Provide telephone headsets** for anyone whose job involves talking on the phone a great deal.
- **Let people trade off jobs** so no one's stuck on the same repetitive job for long.
- **Give employees training** on how they can avoid workplace injuries.
- **Look at ways you can streamline your organization's processes** to reduce repetitive tasks.

> "Start by looking at your illness logs."

5. Weigh the Costs and Benefits.

Will these steps be cost-effective for your organization? The answer is almost certainly yes. Applying ergonomics improves productivity, quality, and safety. It also provides an excellent opportunity to squeeze waste out of your systems and boost your organization's efficiency. Morale will increase because employees feel better and see that you care about their well-being. Performance will improve simply because your employees are at work more often and are healthier. Not to mention the savings in possible workers' comp claims. Studies show that the better your ergonomics, the better your organization will be.

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Better Ergonomics = Better Workers

For more on raising morale, reducing stress, and boosting productivity, take a look at these articles:

"Don't Let 'Sick' Workers Undermine Your Organization," *Nonprofit World,* Vol. 24, No. 1.*

Egenberger, David, "Advances in Headset Technology," *Telemarketing and Call Center Solutions,* Vol. 17, No. 3.

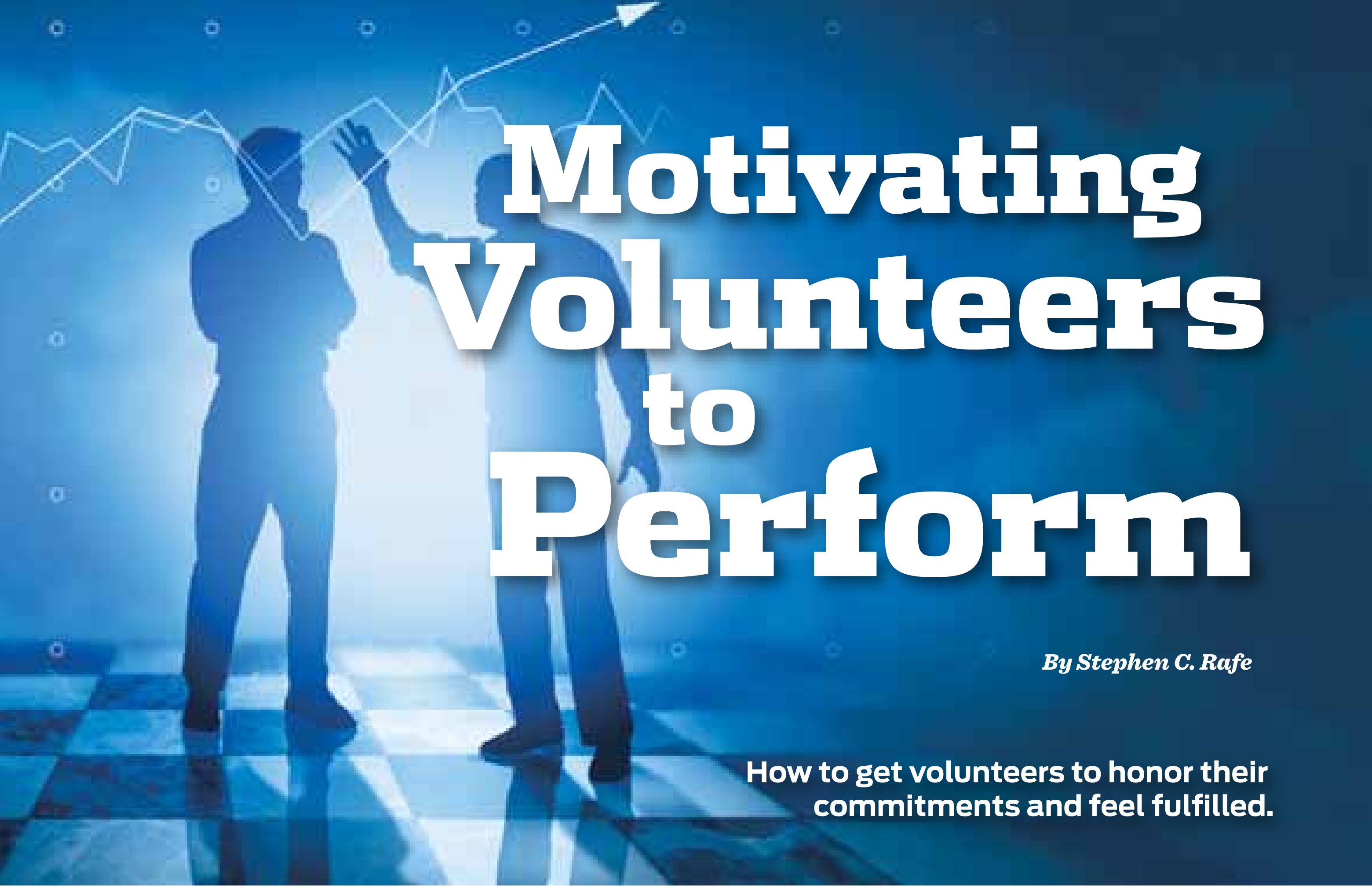
McKay, Shona, "Building Morale: The Key to Successful Change," *Nonprofit World,* Vol. 13, No. 3.*

Sotoa, Sammy & Kendrick Kleiner, "How to Accommodate Common Disabilities in the Workplace," *Nonprofit World*, Vol. 31, No. 3.*

Sujansky, Joanne, "The Overwhelmed Office: Six Fixes for the Stressed-Out, Productivity-Challenged Workplace," *Nonprofit World*, Vol. 28, No. 4.*

Tyler, Kathryn, "Sit Straight: Ergonomics in the Workplace," *HR Magazine,* Vol. 43, No. 10.

*Starred resources are available at NonprofitWorld.org/members.



Motivating Volunteers to Perform

By Stephen C. Rafe

How to get volunteers to honor their commitments and feel fulfilled.

We hear so much about recruiting and retaining volunteers. However, we don't hear much about activating and acknowledging. That's what this article is all about.

> "Don't keep volunteers in the same role for more than two years."

The kind of volunteers a nonprofit organization needs are those who appreciate being needed, who have an opportunity to contribute to something they value, and who receive satisfaction from being able to make a difference. More than just names on paper, or faces in a meeting, those who fit this category are prepared to work — when the "right" factors are in place.

So, here we'll examine three aspects of working with volunteers that are essential to their success — and yours. These are: Recruit, Retain, and Recognize.

Recruit

As a leader, your words, your actions, and your attitude are always being scrutinized by others. Say, for example, you want members to volunteer for an activity or project. If you stand before them with bored, "here-we-go-again" posture and voice tones, you're not likely to excite anyone into signing up. The value you place on the endeavor will often dictate the quantity and the quality of the response you receive. Attitude, coupled with the right words and actions, makes a major difference in the success of any venture.

An important part of recruitment is acknowledgment. The volunteer steps forward, shows an interest, wants to know more, but then never hears another word as new priorities overtake the leader's agenda. Or, at best, the volunteer receives a "thank you for volunteering" e-mail and is directed to contact you — or someone else — "for further information."

Putting the onus on the prospective volunteer this way can communicate various messages — none of which are likely to be well-received. The volunteer could interpret the message as "I'm too busy to contact you and meet with you." Or, "I'm more important than you are." Or, "This activity is a low priority for me/us." And you can probably add to the list.

Instead, if it's important enough to announce the need for volunteers, let them know who will contact them and how quickly. In many cases, it's quite appropriate to designate someone who will be following up with them. You don't have to do everything yourself. In fact, that's one of the shortcomings often found in leaders of volunteers.

The first step is to make sure there's a "good fit." Will the individual's time and talents be sufficient to the task? If not, can the time and task be adapted or modified? Can mentoring be provided in the initial stages? Are there other ways to help this person and this project succeed?

From there, the next step is personal contact. The individual who makes the connection with the prospective volunteer should do so by phone or face-to-face. While e-mail may be fine later on, it's not a good idea for the initial contact.

At the meeting, focus on the need, outline the responsibilities involved, and explain how success will be measured. Explain the tasks involved, the duration of the assignment, and the level of support — both people and funding — the volunteer will have available.

Especially, don't "sugar-coat" the assignment. Be candid: If the job has some downsides, let the volunteer know about them. You don't have to be overly negative and you should avoid being critical of others in doing this. Just be honest and open.

Most of all, in your initial conversation make sure to provide the volunteer with ample time to ask questions and to get answers — even if your answer is "I don't know, but I'll find out and get right back to you on that."

In that conversation, and in all future meetings, always set the focus on how the volunteer will be helping the greatest cause possible in that situation — how they can help make a difference. *Never* position the volunteer as doing you a personal favor. No matter how well you know the person, doing something for *you* will never even come close to replacing the value of doing something for a cause the individual believes in.

People who volunteer out of a sense of commitment and service are far more likely to be motivated to follow through than those who volunteer out of a sense of obligation.

Suggestion: Create an all-encompassing list of jobs that volunteers can do within your organization. Invite all members to identify the ones that interest them and number them according to their level of interest or priority. Title it something like "Skills and Talents Service Inventory." Make it available in a convenient location and call attention to it whenever appropriate — such as placing a copy in your new-members' welcome packet.

Retain

Develop "understudies" for each role. People come and go for a variety of reasons. So be prepared.

Also, don't keep volunteers in the same role for more than two years. They may grow stale or even become authoritarian or territorial about their role (or be perceived as such by others).

Their continued presence may also deny them opportunities for new challenges and further growth. And it may deny upcoming volunteers the chance to move into roles with increasing responsibility, challenge, and potential for intrinsic (self) satisfaction.

One of the quickest ways to lose volunteers is to plunge them into a task without providing adequate instruction or support. Even if they seem qualified based upon their knowledge and experience, they'll need guidance — at least initially.

For example, anyone in any task will need to know what's expected, what's acceptable and unacceptable, how approvals are obtained, and much more. Handing over a file folder and saying "Here you go. I'm sure you'll do fine" is never appropriate.

Take — or at least "talk" — volunteers through all steps of the processes they'll need to know about and understand. If possible, let them understudy the person who presently holds that position. If that's not possible, at least remain at their side, literally as well as figuratively, until they feel comfortable with moving forward on their own.

Then, remain in contact as they proceed and progress. Stay in touch. Provide constructive input — including goal-focused, positive criticism — whenever needed.

Recognize

Ask. Listen. Act. Reinforce. Four key words in a leader's action vocabulary.

Stay in touch with each volunteer who leads an activity and encourage committee chairs to do the same with each of their volunteers.

Ask them what they're working on and how they're progressing. Ask if they need any additional help or support (not from you, necessarily).

Listen carefully to what they have to say. Provide feedback that demonstrates that you've heard them.

Act in ways that show enthusiasm for their assignment. Share how it fits in with the "big picture" for your organization. Let them know how their role is important to the overall success. And, most of all, act in a timely and appropriate manner upon any commitments you make to them.

Reinforce the importance of their efforts. Most volunteers who are truly service-oriented need little recognition. For them, the satisfaction comes from helping, from contributing to a job that needs to be done, and from the feeling that they're appreciated and are making a difference. Reinforcing those motivations helps to keep ego out of the mix so that people aren't signing up merely for personal praise and attention.

To ensure the proper mindset among volunteers, keep their eyes upon the prize. Let them know the direction in which your organization is heading and why that's important. Talk to them about how each task becomes a part of the whole. Focus on the organization's vision and mission.

Be grateful. No job is too small; no person too insignificant. Let your volunteers know that you believe in them and their work. Make sure you reflect that belief in your words, your actions, and your attitude. Show your appreciation wherever and whenever you can.

A simple "thank you" or a "good job" will often be sufficient for the right volunteer in the right job. However, some form of public recognition may be appropriate. Recognizing good deeds properly calls attention to the value of the deeds, and the volunteer's role becomes implicit. This gives you yet another way to keep the recruitment process going in the most positive direction possible.

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Your Volunteer Bank

Buttress your volunteer-leadership skills with these articles at NonprofitWorld.org/members:

Keep Your Volunteers Happy with Dynamic Training (Vol. 31, No. 4)

Managing Your Volunteers: 19 Ways to Work Wonders (Vol. 25, No. 6)

Why Be Boring when You Can Celebrate in So Many Ways? (Vol. 26, No. 5)

How to (and Not to) Put Volunteers to Work (Vol. 18, No. 3)

Creating a Values-Based Road Map (Vol. 23, No. 2)

Volunteers: Recruit, Place, & Retain the Best (Vol. 29, No. 6)

Where Are Your Volunteer Leaders? (Vol. 30, No. 6)

Don't Skip the Boring Part: Nonprofits Can't Afford to Ignore HR Issues

By Alex Craigie & Ranlyn Tilley Hill

How can your organization avoid costly lawsuits? Here's invaluable advice from the experts.

The road to hell is paved with good intentions. Nowhere does that saying ring more true than in the nonprofit sector. Nonprofit corporations, like any other enterprise, face a myriad of organizational and financial challenges. It's easy, when the urgent focus is on fundraising, engagement, and communication, for human-resource issues to slip into the background. This can be dangerous, considering that employment-related claims and lawsuits are on the rise, and nonprofits are only exempt from taxes, not lawsuits.

Nonprofits face the greatest HR liability in the following three areas:

1. Wage & Hour Issues

Just as in the for-profit sector, nonprofits can face exposure for failing to meticulously follow state and federal wage and hour laws. Common issues include:

- **workers not receiving (or taking)** mandatory meal and rest periods
- **staff working overtime** without being properly compensated.

Compliance with these laws can be frustrated by inadvertent (or intentional) misclassification of workers as "exempt" employees who would be ineligible to receive rest and meal breaks or overtime compensation. The laws are evolving. Applying them properly can be a challenge.

Take the following example: Your organization's receptionist helps prepare for your annual fundraiser, works at the silent auction, and secures payment at the end of the evening. In her normal workday, the receptionist works 7.5 hours and receives regular meal and rest breaks. For the fundraiser, however, she works continuously for 12 hours.

Because she's on salary, you incorrectly assume she's not entitled to overtime wages. This could be a costly mistake.

Eight months later, after a financially necessary layoff, the receptionist sues for wrongful discharge and wage and hour law violations. Suddenly, what would have been a defensible matter has become a major lawsuit that could spark a rash of similar claims among past and current employees. Ouch! Your nonprofit is potentially on the hook for unpaid wages, penalties, and attorney's fees.

2. Discrimination, Accommodation, & Retaliation Claims

Claims of employment discrimination are growing, and nonprofits aren't immune. Discrimination occurs when one or more workers are treated differently based on a protected characteristic, such as age, gender, race, religion, or disability.

Harassment is one kind of discrimination. People may feel harassed if they're the target of unwanted and annoying actions by a person or group. Claims of harassment are often included in a complaint about discrimination.

Your organization's leaders must take steps to prevent discrimination and harassment from occurring. In addition, they must take affirmative steps to accommodate special needs occasioned by a worker's disability or religious preference.

Avoiding claims can be complex because issues sometimes arise in unusual or unexpected ways. Consider, for example, the laws in many jurisdictions that forbid employers from discriminating against workers who dress or follow grooming practices dictated by their religious preferences. Not only is it impermissible to refuse to hire or terminate workers for following these practices, but efforts at reasonable accommodation cannot include segregating workers outside the public's view.

Employers must also guard against conduct that may give rise to claims of retaliation. According to the Equal Employment Opportunity Commission (EEOC), retaliation claims are filed more frequently than any other charge of discrimination.

Retaliation occurs when a worker is subjected to an adverse employment action (such as demotion, discipline, or firing) as a consequence of engaging in a protected activity (such as making a worker' s compensation or disability claim or complaining about a separate instance of discrimination or harassment). Nonprofits can inadvertently commit acts that are later construed to be retaliatory.

> "Claims of employment discrimination are growing."

> Retaliation claims are filed more frequently than any other charge of discrimination.

An example: An employee of your organization suffers an on-the-job injury and brings a worker's compensation claim. While he's on leave for the injury, your organization needs to lay off staff, including the injured worker. It's not uncommon for the worker to claim either retaliation or disability discrimination — sometimes both! The burden will fall on your organization to prove that the layoff was legitimate and not a pretext for a discriminatory firing. This can be difficult if the layoff isn't handled carefully.

3. Termination Issues

Most employment relationships are "at will," which means an organization can terminate a worker at any time, without cause. You may wonder: *Why are there so many wrongful termination lawsuits?* The answer lies in the fact that, if the terminated worker was the victim of discrimination or retaliation, the termination becomes unlawful.

There are two interrelated ways you can protect your organization from wrongful termination claims:

- **Be candid with workers if you discharge them for cause.** Tell them the truth about why they're being fired. Don't use the term "laying you off" when you mean "terminating you for cause." You can be candid while still being compassionate. Workers who are treated honestly and given an opportunity to communicate are much less likely to sue
- **Use a progressive discipline policy.** Here's how it works: On the first violation, give a verbal or written discipline. Document it in the worker's personnel file. The second (and potentially third) instances of discipline should be in writing and clearly communicate the consequences of further transgressions. Ask workers to acknowledge receipt of the disciplines, in writing. If the conduct continues and a worker is terminated, the personnel file will provide valuable evidence that the termination was justified and not based on discrimination. This progressive-discipline practice also helps to avoid feelings of shock, surprise, or unfairness that may cause people to react to a termination by seeking legal counsel.

SOUND WAYS TO PREVENT EMPLOYMENT CLAIMS & LAWSUITS

There are scores of lawyers eager to capitalize on HR practices that are unlawful or just sloppy. They make no distinction between for-profit and nonprofit companies. Reduce your chances of being targeted by an employment claim or lawsuit by following a few simple suggestions:

- **Develop sound HR policies.** Addressing issues on an ad hoc basis, without clear, evenly followed policies, is asking for trouble.
- **Keep an up-to-date employee handbook.** Update it annually to reflect changes in your organization, policy, and the law. Put it on your calendar as a "recurring event" every February, right after the start of the year.
- **Ask a human-resources professional to manage hiring, evaluation, discipline, and termination.** If your organization isn't large enough to maintain such a person in-house, consider using an outside HR consultant.
- **Maintain caring relationships with your staff.** Discuss issues as they arise. Ask for feedback, and listen to what your employees have to say. Follow up on any concerns they may have. Make it clear that you care about them and their lives.
- **Seek legal advice.** One of the wisest things you can do is to establish a relationship with an attorney knowledgeable in employment issues so that you have someone to call whenever issues arise that could trigger an employment claim.

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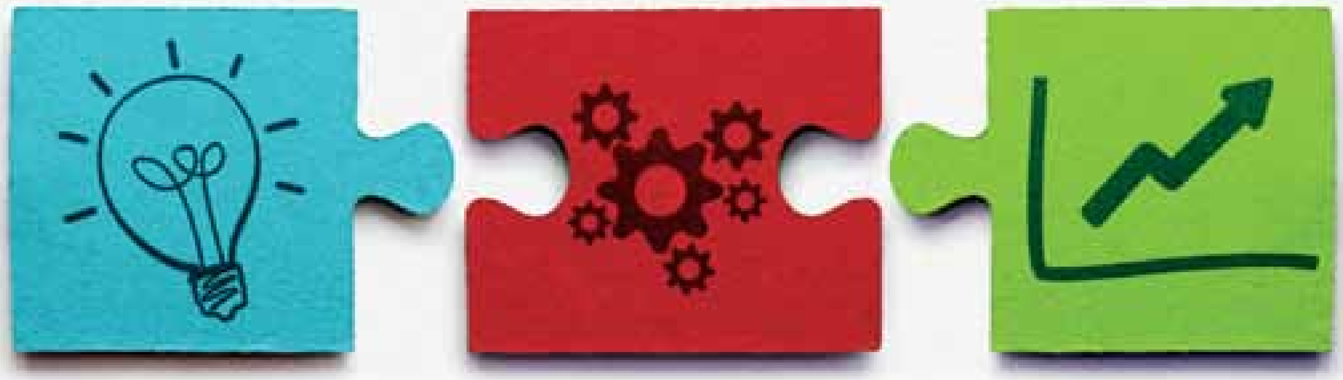
Your HR Legal Toolkit

See these and other articles about avoiding employment claims and lawsuits at NonprofitWorld.org/members:



Bundle UP! Is Price Bundling Right for Your Organization?

By Mark Mitchell, Michael Collins, & Taylor Damonte

Here's a new look at collaboration as a way to increase your bottom line.

Price bundling is the practice of offering two or more products or services for a single package price. Bundling can increase your proceeds by generating greater revenues per transaction or raising the frequency of transactions.

> "Find partners in your community to create a localized bundle."

A good example is the nonprofit living-history museum Colonial Williamsburg, which partners with other groups to create irresistible bundles for potential customers. How does it work?

Let's consider a family planning a vacation to Williamsburg, Virginia. Preparing to buy tickets for Busch Gardens amusement park, they see a Bounce ticket option: seven days of unlimited access to Busch Gardens, Water Country USA (a water park), and Colonial Williamsburg. They also notice a similar deal: seven days of unlimited access to nearby Jamestown Settlement and the Yorktown Victory Center. By buying access to all these attractions at once, they save 20%.

It's a good deal for the family and also for the nonprofit organizations involved. The Colonial Williamsburg Foundation has partnered with nearby Busch Gardens and Water Country USA to offer a price-bundled experience for family travelers. Their neighbors (Jamestown Settlement and Yorktown Victory Center) offer an additional (but separate) bundle. While all the nonprofit organizations sell individual tickets, they've teamed up with other groups to attract more visitors to their community and increase the number of people who experience their presentation of American history (a core part of their missions).

Common Price Bundling Strategies

If you decide to try bundling some of your services and products, there are several options you can consider:

- With a ***pure bundling strategy***, products and services are available only as a package.
- A ***mixed bundling strategy*** lets consumers purchase products or services individually or as a package.

We can then break down mixed bundling into two options:

- With ***mixed-leader bundling***, you offer a discount *on an additional product or service* when a specified product or service is purchased at the regular price. For instance, someone buys admission to the museum and later receives a discounted price on the IMAX movie.
- With ***mixed-joint bundling*** you provide a single, discounted price when multiple products or services are purchased *simultaneously as a package*. So, the museum and IMAX are offered as a package at the time of first purchase.

With all these options, customers may end up purchasing things they might not have bought without the bundle. Our museum patron may elect to buy the combination ticket (museum and IMAX movie ticket) because the bundled price is lower than the combined price if purchased separately. For some buyers, the museum is their real interest. But, IMAX makes a nice add-on at the reduced price. We can think of this action as the buyer transferring the "consumer surplus" to another item. The consumer surplus is the difference between what consumers were willing to spend to enter the museum and what they actually spend to do so. If consumers believe they got a great deal on the museum, they're more willing to then buy the bundle to include IMAX.

Our vacationing family may not have planned to visit the Colonial Williamsburg museum but decided to buy the bundle and use Colonial Williamsburg as a day away from the theme and water parks. And if the kids don't seem interested in history that day, Mom and Dad won't regret the price of the tickets, because they see it as a bonus received in addition to their planned trip.

Revenue may be negatively impacted if the number of visitors stays constant but the bundling partners realize lower revenue per person as a result of bundled sales. It's important to monitor these traded or "cannibalized" sales when following a price bundling strategy. Ideally, the bundling strategy will let you reach new groups of consumers and increase both per-transaction and total revenue.

Two Approaches to Price Bundling: Targeted or Broad Selections

CityPass and Smart Destinations are two companies that provide discounted access to bundled attractions (see Table 1 on page 24 for a comparison of the two in the San Franciso area). CityPass provides five to 10 attractions for one low price. Smart Destinations offers a wide cross-section of attractions for a higher price, and consumers choose the attractions they want. Nonprofits, government entities, and for-profits are all included in these bundles, as Table 1 shows.

Moving Ahead with a Price Bundling Strategy

If you'd like to use bundling to increase the number of people visiting your organization or purchasing your products and services, there are a number of ways to do so. You may be able to reach more people (and generate more revenue) by partnering with for-profit organizations such as Smart Destinations. Or you may elect to find willing partners in your community to create a localized bundle. For example, visitors to the Minneapolis area can buy the "Big Ticket" and gain access to the following attractions for three consecutive days:

- Nickelodeon Universe (indoor amusement park at the Mall of America)
- Sea Life Aquarium
- Water Park of America
- Science Museum of Minnesota (nonprofit organization)
- Minnesota Zoo (nonprofit organization)
- Great Clips IMAX Theatre

Again, notice the effective bundling of for-profit and nonprofit groups. By the way, the Bloomington Convention and Visitors Bureau (a nonprofit organization) serves as the bundler.

The timing may be right for you to move forward with bundling, perhaps with a variety of local nonprofits. Here are four steps to take:

> "Could you attract more people if your offering was part of a package?"

TABLE 1: A COMPARISON OF TWO BUNDLED APPROACHES: TARGETED SELECTIONS (CITYPASS) AND BROAD SELECTIONS (SMART DESTINATIONS)

CITYPASS PROGRAM		SMART DESTINATIONS PROGRAM	
Inclusions	Price	Inclusions	Price
1. Muni & Cable Car Passport 2. California Academy of Sciences 3. Blue & Gold Fleet Bay Cruise 4. Aquarium of the Bay 5. Museum of Modern Art 6. de Young Museum or Exploratorium	9-Day Adult = $69 Child = $39 (4-12) Cost if Purchased Separately: Adult = $132 Child = $84	More than 46 attractions included. The top 10 highlighted attractions: 1. Aquarium of the Bay 2. Golden Gate Bay Cruise 3. Wine Country Tour 4. California Academy of Sciences 5. Trolley Hop-On Hop-Off Tour 6. The Wax Museum at Fisherman's Wharf 7. S.S. Jeremiah O'Brien 8. Historic Cable Car Ticket 9. Asian Art Museum 10. Six Flags Discovery Kingdom	1-Day Adult = $54.99 Child = $39.99 2-Day Adult = $79.99 Child = $56.99 3-Day Adult = $104.99 Child = $73.99 5-Day Adult = $139.99 Child = $94.99 7-Day Adult = $164.99 Child = $109.99

1. LOOK FOR PARTNERS.

Start by taking a critical inventory of bundling partners in your community.

- **If you want people to visit your organization,** look at tourist attractions, especially those that are currently underserved.
- **If you'd like to bundle your services or products with others in your area,** consider both for-profit and nonprofit groups with related offerings.

Focus on cross-selling potential for all partners. If you provide training, for example, what groups might want to bundle their books, coaching services, or similar products and services? Could you attract more people if your training was part of an educational package?

2. KNOW YOUR MARGINAL COSTS, AND PICK YOUR PRICE POINT.

When your fixed cost of operating is high, the marginal cost of serving another person is often negligible. You must maintain the animals at a zoo regardless of the number of visitors. You must provide security for a museum no matter how many people come.

A good handle on your fixed and variable costs will help you determine if price bundling is right for your organization and at what price point. If you run an art museum, you want to promote the importance of the arts. So you want lots of traffic in the museum. But, you've got to cover your costs and thus must be sensitive to admissions revenue and its impact on your operating budget. Ideally, a price bundle will attract more people to you and enable you to raise total revenue. Yes, this may mean lowering the price for each person. But you may be able to increase the volume of people experiencing your unique offering. That's a mission-driven outcome.

3. ESTABLISH AN ACCOUNTING SYSTEM.

Participants in a price bundle must have total confidence in the data provided by the bundler (or aggregator). The use of an outside bundler means that someone else is collecting revenue and allocating your portion to you. You want to be confident in the numbers (and dollars) you receive. A local chamber of commerce or arts council bundling a variety of related offerings may fill an important role in bringing partners together. But only trust will keep them together. A transparent accounting system is essential for maintaining this trust.

> "Only trust will keep bundling partners together."

> "Not all buyers will buy everything in the bundle."

4. DETERMINE A PAYOUT SCHEDULE AND METHOD.

Not all bundle buyers will use everything in the bundle. So you need to decide how to distribute total revenue to bundle partners. There are two possibilities:

- **Are partners paid a fixed amount** for each bundle sold?
- **Or are they paid only if a package buyer actually uses** their product? If those numbers differ (100 bundles were sold, but only 75 people used your product), who keeps the difference (known as "package breakage")?

Both approaches can work. But it's best to spell out such matters before moving forward. Also, detail the schedule for payment transfers. We all have cash-flow needs. So we all want to be paid sooner rather than later. Bundling can introduce time lags in such payment. Clear communication will be key.

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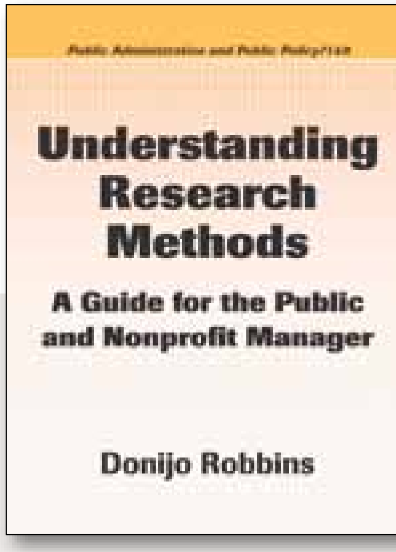
The How and Why of Research

Pluck pearls of wisdom from a sea of data.

By Terrence Fernsler



***Understanding Research Methods: A Guide for the Public and Nonprofit Manager.* By Donijo Robbins. Hardcover. 288 pages. Taylor & Francis Group, LLC (tandfonline.com).**

Thinking analytically is a key aspect of nonprofit management. Research often drives decision making. Thus, it's important to understand the elements, process, and capabilities of research, from the perspective of both producer and consumer. Donijo Robbins' book is an excellent guide to research's strengths and shortcomings.

All research follows a similar process: Formulate a question, develop a research plan, collect and analyze data, and communicate findings. This book details the purpose and expectations of each step of this process. It shows how each step influences decision making when research is used to make internal and public policy. Good policy will result only when the research is reliable.

The book doesn't dwell on mathematical formulas. It's more conceptual, providing an overview of research. It reviews the research process and discusses ethical considerations. It explains common research designs, the most popular ways to collect data, and the tools used to analyze data. It offers directions on using Microsoft Excel to analyze data, because Excel is readily available to most people. Finally, it discusses effective ways to share your results.

While written for academics, it is, perhaps, best suited for practitioners, to ensure we're using relevant, meaningful data. It explains not only how to create useful research, but also how to critique the research of others. Relying on weak research studies can cripple an organization's credibility with funders, constituents, and the public. It can cause an organization to waste precious resources on programs that are ineffective.

Using good research, on the other hand, strengthens an organization's reputation — an essential nonprofit asset — and assures a more meaningful impact. *Understanding Research Methods* clarifies the difference between good and poor research and makes certain we know how to use reliable research to support our work.

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.

Survey Do's and Don'ts

Surveys are an excellent way to glean helpful information. But, first, you must craft valid survey questions.

One of the biggest mistakes you can make is to assume that a question makes sense to everyone because it makes sense to you. Your questions must maintain certain criteria. Otherwise, your data will be unreliable. Take care not to violate any of these rules in writing your survey questions:

Be sure time frames are realistic. Don't ask about intentions too far in the future, as in "Do you plan to purchase a more fuel efficient vehicle in the next five years?"

Don't make assumptions. For example, "Do you drive to work?" assumes that the respondent is employed and has a car.

Use simple language. Rather than "priority," say "most important." Replace "virtually" with "nearly." And be sure the question is a complete sentence.

Ask a separate question for each concept. If the word "and" appears, you're likely asking two or more questions. For instance, "When tuition increases, are you more likely to drop out of school and look for a job?" should be made into two separate questions.

Avoid questions based on memory recall, as in "How many hours did you surf the Web last year?"

Never use double negatives, as in "Do you oppose a program that doesn't support senior citizens?"

Don't provide biased, leading information such as "We estimate that you pay 40% of your earnings each year in taxes. Do you believe this level of taxation is too high, too low, or about right?"

Get rid of subjective adjectives, such as "distinguished" or "respected." ("Do you support the efforts of our prestigious organization to provide unbiased analysis?" would be better written as "Do you support our research efforts?")

Gaining New Perspectives through Service Learning

Don't let the title of this book fool you; the subtitle is more telling. *Promoting Health and Wellness in Underserved Communities: Multidisciplinary Perspectives Through Service Learning* is a collection of reports about service learning experiences. Service learning involves academic courses that meet community needs while developing students' critical thinking and problem-solving skills

The cases in this book (edited by Anabel Pelham and Elizabeth Sills, published by Stylus Publishing LLC, styluspub.com) deal with public health because this field has an especially long history of service learning. However, there are lessons here for all organizations working with students to meet community needs. The first case in the book, for example, offers fascinating insights about making connections across generations. The views of young students and senior clients about other generations were skewed going into the project, but learning how to communicate with each other broke down intergenerational misconceptions.

The reports explain common problems within service learning projects and ways obstacles have been—or could be—overcome. Highlighting the virtue of teamwork, an entrepreneurial spirit in solving problems, and the importance of interdisciplinary practice, they demonstrate the benefits not only to education but to community building as well.

—reviewed by Terrence Fernsler

Why We Deny the Obvious — and What to Do about It

In *Willful Blindness*, Margaret Heffernan describes how our brains can deceive us if we're not careful. Here's how to keep from sabotaging ourselves:

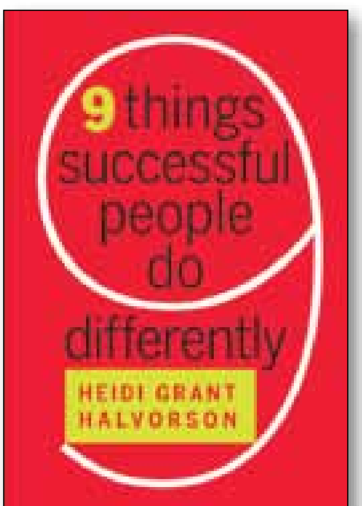
- **Pay attention.** Our brains are programmed to ignore what we don't want or expect to see. Shake things up. Have staff members rotate jobs. Arrange for board members to sit in on other organizations' boards. Provide educational opportunities to keep people on their toes.
- **Introduce diversity to your staff and board.** It's natural to want to be with people like you, but doing so can make you dangerously complacent. Bernie Madoff was able to perpetrate such a giant fraud because he and his investors were so like-minded and felt so comfortable with each other that no one bothered to look closely at what he was doing. Lack of diversity can reduce conflict—but without conflict, it's easy to ignore threats.
- **Make it clear that you want people to tell you the truth,** even if it's a hard truth. Studies find that most employees feel unable to tell their bosses about ideas for improvement or concerns about serious organizational problems. Create feedback systems, including whistleblower programs, to make it easy for people to speak up.
- **Appoint someone to be a devil's advocate in meetings**—someone whose job is to call out challenges, identify holes, and express concerns.
- **Require people to take annual vacations.** Train them in jobs other than their own so they can take over for one another periodically. Spread financial oversight among as many people as possible. For example, the person who records cash receipts shouldn't be the one who takes the money to the bank. Rotate duties so people are constantly checking each other's work. Our brains are wired to trust, so we need strong control systems to protect ourselves.
- **Bring in coaches, consultants, and other outsiders** who can see with fresh eyes and aren't afraid to voice the truth.
- **Hold leaderless meetings.** The desire to please a leader can eliminate a huge array of options.
- **Keep history alive.** Tell stories about your organization's triumphs and disasters, errors and lessons learned. Such honest retelling of the past will keep you from repeating mistakes, help you spot trends, and make reoccurring patterns more obvious.
- **Err on the side of having people work less hours** rather than more. Studies show that the first four hours of work are the most productive. After that, the higher brain functions we use to make decisions become less and less effective, and we start making mistakes. Be sure workers have plenty of breaks. Discourage them from working overtime and, if they must, give them time off afterwards to rejuvenate. "A tired worker tends to perform like an unskilled worker," according to a University of California Berkeley study.
- **Discourage multitasking.** Our brains trick us into thinking we can do more than one thing at a time, but we can't. Trying to do so merely increases error and poor judgment.
- **Don't over-emphasize targets.** When people are focused on achieving a target at any cost, they can tune out other considerations such as ethics, legality, and safety.
- **Admit that you and your colleagues aren't immune** to tricks of the brain that lead to tunnel vision, error, and fraud. Use as many safeguards as possible to protect yourself from the blind spots that can derail you.

Habits of Success

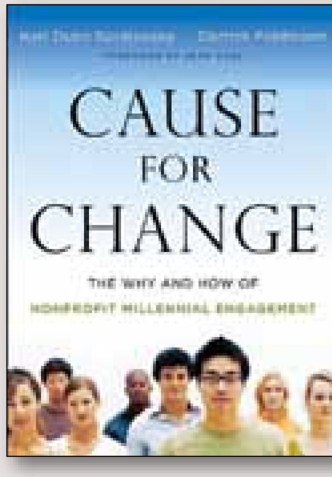
Why do some people succeed while others fail? Research has pinpointed practices that cultivate success. Here are a few:

- **Be a realistic optimist.** Positive thinking is important to sustain motivation and reach your goals. But there's a big difference between believing you'll succeed and believing you'll succeed *easily.* Realistic optimists understand that they need to make things happen rather than waiting for opportunities simply to appear. They not only visualize success; they work toward it, one step at a time.
- **Build your willpower muscle** by regularly doing things you'd rather not do. Practicing ways to resist temptation and stick things out when you'd rather quit is a key to achieving success. Start with small challenges, like taking the stairs instead of the elevator, and build from there. Don't overtax your self-control muscle by taking on too many challenges at once.
- **Focus on getting better** (developing ability) rather than being good (proving that you know what you're doing). When you think of what you're doing in terms of learning, mastering, and making mistakes along the way, you'll stay motivated despite setbacks. Consider the people around you as a resource, and ask for help when you need it.

—adapted from *Nine Things Successful People Do Differently* (Harvard Business Review Press)



Have You Fully Engaged the Millennials?



The millennial generation is large and influential. Millennials (those born between 1977 and 1997) are young, and their story is still unfolding. It's clear, however, that they have a powerful contribution to make. *Cause for Change: The Why and How of Nonprofit Millennial Engagement* (John Wiley & Sons, wiley.com) examines how millennials want to be engaged as constituents, volunteers, donors, and employees.

It can be dangerous to generalize about an entire generation. But there are certain commonalities that make millennials special, and looking at what drives them can help us make the most of all they have to offer.

We know that millennials (also known as Generation Y) rely more than previous generations on relationships, collaboration, and transparency. They're more tolerant, networked, and comfortable using new technology (in fact, many members of the generation are uncomfortable when they have to do without new technology). They're willing to boldly tackle our most pressing social problems.

The experiences of millennials make them more accepting of ambiguity and complexity, and less in need of control. They have a strong commitment to social justice, and they bravely face an uncertain future — together.

The millennial generation has the power to change how nonprofits function while changing communities around the world. Nonprofits can take advantage of the power of the millennial generation by understanding it better.

Here are some simple things you can do to maximize millennials' potential:

- **Give them a seat at the table.** Millennials expect to be an integral part of the organization. That goes beyond weekly staff meetings, periodic updates, and continual feedback. They want to sit in on board meetings, see financial statements, and hear directly from the organization's top leader about how things are going. They want to be part of brainstorming sessions and offer their opinions on a regular basis. Leaders should consider using online discussions, Skype, Facebook, and similar tools for ongoing communication.
- **Support risk-taking.** Millennials aren't afraid to take risks and try many methods to find one that works. They like to experiment with new program models, often seeking technology-based solutions. Taking advantage of their creative, fearless nature may mean that you need to provide new online tools. Doing so may lead to useful innovations and improvements.
- **Understand mission-life balance.** What millennials prefer is to work long hours when needed and then balance those hours by taking extra time off for personal pursuits. They often work outside the office to support the organization's mission, evangelize about the cause, and get others involved. Recognize and reward this informal work, and give them the flexibility they need. Help them experiment with new ways to market, communicate, and build an army of enthusiastic supporters. Be sure to offer them plenty of opportunities for personal and professional development.

—reviewed by Terrence Fernsler

How to Raise More Money

In *FUNdraising,* Jean Block (jblockinc.com) shares these and other helpful rules for fundraising success:

1. **Ask for what you want.** Don't use phrases like "Whatever you can do." Segment donors, and ask them for a specific amount based on what they gave before or what you know they're capable of giving. Consider creating a menu of amounts so donors can pick exactly what they want to give.
2. **Don't ask donors to do what you haven't done.** Institute a required annual giving policy for your board. You can't ethically ask others for money if your own board doesn't set an example.
3. **Ask in person.** The larger your request, the more important it is to meet one-on-one. Don't be afraid to ask big. Assume you'll get a "Yes," but if you get a "No," turn it into a long, fruitful conversation. Find out what you need to know to ask better next time. Ask lots of questions—about timing, budgets, funding priorities, other possible reasons for the "No." Discuss other ways you might work together, and ask for referrals to other people who might want to take advantage of the opportunity to give.

Five Ways to Avoid Hiring a Liar

Why do we so readily trust people we don't know? Studies show that when we meet someone for the first time, we usually have a slightly positive impression. We tend to look for information that supports that positive view, and ignore or discount information that conflicts with it.

We even extend that benefit of a doubt to people we're thinking of hiring. But the truth is, although we'd rather not believe it, many people lie on their resumes and in interviews. So, for the sake of our organization, we need to make a concerted effort to counteract our natural inclination to trust.

Here are five things you can do to avoid hiring a liar:

1. **Look for gaps on the resume.** Gaps are frequently used to hide negative information. The applicant hopes you won't notice the six-month gap between jobs. But now you will, and you'll inquire about it thoroughly.
2. **Insist that applicants include months as well as years of employment** when providing information. Applicants sometimes hide information by including only the years associated with a job. So, 2008-2009 could be as short as a few days or as long as 24 months.
3. **Have applicants sign a release** giving you permission to verify employment and degrees. If they refuse, hesitate, or give you excuses about why they can't or won't, they're likely hiding something.
4. **Create a questionnaire** that you use with all applicants. Using a standard set of questions will help avoid the possibility that you're unconsciously biased in favor of someone who impresses you in the interview.
5. **Get a work "sample."** As part of the interview, give the applicant a task associated with the job's responsibilities. For instance, ask a potential marketing director to brand a product.

Here's a final thought: If you have a hesitation, way back in your mind somewhere, that something's just not right—or that the applicant is too perfect—trust your instincts. Inquire more until you're completely satisfied.

—from David A. Weiman, Psy.D., PC, Weiman Consulting, weimanconsulting.com

Find Your Best Style of Asking

People like to interact with others in one of two ways: Introverts are energized by their inner lives, while extroverts are vitalized by being with others. People also gather information in two ways: Analytics focus on specific data. Intuitives prefer to look at future possibilities and big ideas. When you put those four qualities on two axes, you come up with four asking styles.

Andrea Kihlstedt, author of *Asking Styles: Harness Your Personal Fundraising Power* invites you to find your true self in the four styles of asking for money:

- **Kindred Spirits** (intuitive introverts) rely less on data and more on instinct and ideas. They connect with donors through their deep, heart-felt commitment to the cause.
- **Rainmakers** (analytic extroverts) like being with other people and using data that's concrete and specific. They have a great ability to adapt to other people's styles and use that skill to connect with donors.
- **Mission Controllers** (analytic introverts), like Rainmakers, prefer measurable data. They point their energy inward, making them more reflective, cautious, and slow to speak. They connect with donors by laying out a thorough, detailed presentation.
- **Go-getters** (intuitive extroverts) love to interact with others and are more comfortable with big ideas than detailed data. They relate to donors through charisma and high energy.

Kihlstedt provides an assessment you can take to pin down your own asking style. She goes on to detail the best way to prepare to meet with donors, based on your primary asking style.

The book is part of the "In the Trenches" series published by Charity Channel Press (charitychannel.com). These books are written by top practitioners in the nonprofit sector in a wonderfully down-to-earth, step-by-step manner and are concise, fun to read, and eminently practical.

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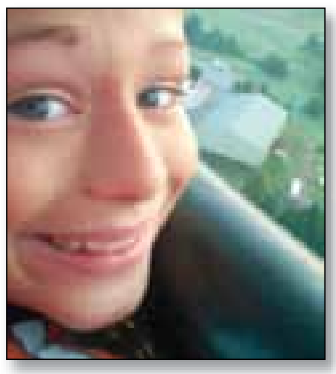
Here's a Sample of Thousands Who Participate

UP, UP AND AWAY!

United Way, Linda Vista Elementary School, CA, Avon Grove Library, PA, St. Boneface Episcopal Church, WI, American Cancer Society, Wolverine Band Boosters, FL, The Washington Hospital, PA, St. Ignatius College Prep, PA, Pets/People Humane Society, OK, The Boys and Girls Clubs, Montessori Center of South Dayton, OH, Special Olympics, Metropolitan United Methodist Church, MI, Mothers of Preschoolers, CO, Jewish Community Centers, NJ, Callier Preschool Parent Association, TX, Make-A-Wish Foundation.

"All of the Kids in My 4th Grade Class Will Be Jealous!"



"I wanted something that we could do together! I bought the tickets for my son for his 10th birthday. We took our ride in Charlotte, NC and the sights and views were absolutely amazing. This was definitely an experience that would last forever for us. I think that my son's testimonial sums it up nicely..."

"This is the best birthday present ever. Even though I had to get up early, this was a great memory that me and my mom will remember forever. All of the kids in my 4th grade class will be so jealous to hear what I did for my birthday!"

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