july / august / september 2016

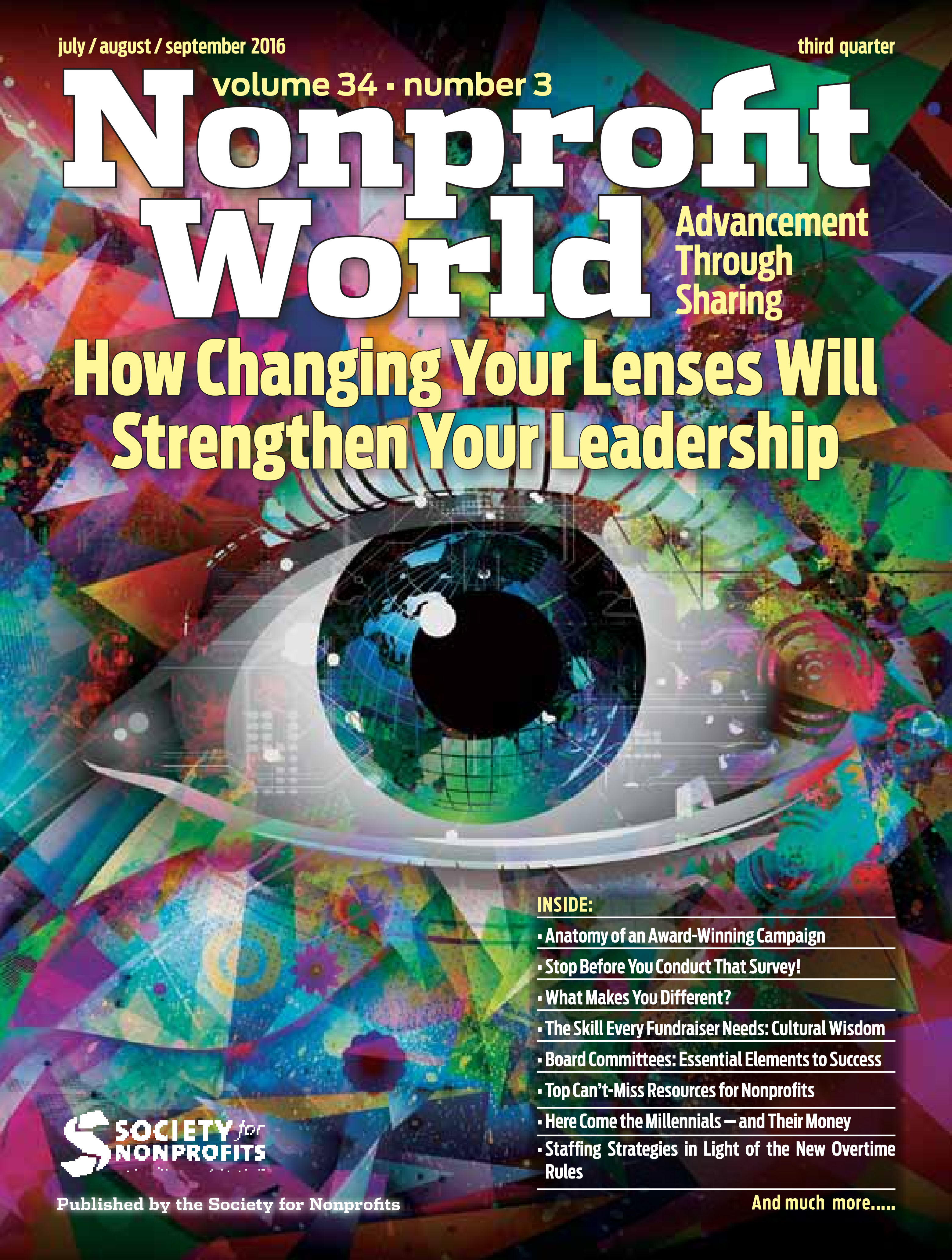
third quarter

volume 34 · number 3

Nonprofit World

Advancement Through Sharing

How Changing Your Lenses Will Strengthen Your Leadership



INSIDE:

- Anatomy of an Award-Winning Campaign
- Stop Before You Conduct That Survey!
- What Makes You Different?
- The Skill Every Fundraiser Needs: Cultural Wisdom
- Board Committees: Essential Elements to Success
- Top Can't-Miss Resources for Nonprofits
- Here Come the Millennials — and Their Money
- Staffing Strategies in Light of the New Overtime Rules

And much more.....

Society for Nonprofits

Published by the Society for Nonprofits

NONPROFIT WORLD

Editor **Jill Muehrcke**

SOCIETY FOR NONPROFITS

President **Katie Burnham Laverty**

Membership Director **Jason Chmura**

Publisher

The Society for Nonprofit Organizations

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

NONPROFIT WORLD is published quarterly at the subscription price of $79 per year by The Society for Nonprofit Organizations. Single copies are available, prepaid, at $25 per copy. NONPROFIT WORLD is available at no charge to members of The Society for Nonprofit Organizations. To subscribe or to become a member of the Society, write: The Society for Nonprofit Organizations, P.O. Box 510354, Livonia, Michigan 48151. Telephone: 734-451-3582. Organizational Membership $150. Individual $69. E-Membership $49. **Organizational members may purchase additional memberships for their board, staff, and volunteers at $25/membership/year.** Change of address: Send both new and old address, with mailing label if possible, to: The Society for Nonprofit Organizations, P.O. Box 510354, Livonia, Michigan 48151. Allow six weeks for corrections.

ISSN 8755-7614. POSTMASTER: Send address changes to The Society for Nonprofit Organizations, P.O. Box 510354, Livonia, Michigan 48151. **E-mail: info@NonprofitWorld.org. Web page: nonprofitworld.org.**

***NONPROFIT WORLD* is published by the Society for Nonprofits.**

contents

volume 34 · number 3 · 2016

FEATURE STORY

Are you a "blue" leader – focused on details, concrete results, and high efficiency? Or is yours a "red" leadership style – visionary, outward-looking, and strategic? Neither one is right or wrong. Each is limited. Read "How Changing Your Lenses Will Strengthen Your Leadership" on page 12 to see how to adjust your glasses.

ARTICLES

DEPARTMENTS

SOCIETY for NONPROFITS

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.

Disruption: The Mother of Innovation

Disruption is a fact of life. To deal with it, you have two choices. You can be passive and let your plans be disrupted. Or you can be creative and cause your own disruptions.

When you're the driver of disruption, you create your own future, the way you want it. You spend time analyzing past disruptions so that you can predict – and take advantage of – future ones. "The Art of Continuous Disruption" (page 27) describes a way to transform the apparent chaos of your environment into opportunity.

While it's hard to give up the technology that has served you for years, it's a vital way to build new bonds."Top Can't-Miss Resources for Nonprofits" (page 4) will point you toward tools to revolutionize your relationships.

And you needn't abandon the tried-and-true to embrace the cutting-edge. In fact, doing so may be counterproductive. You're better off combining the best of the known and the best of the leading-edge in a way that works for your organization. ("Anatomy of an Award-Winning Campaign" on page 6 offers a striking example.)

Look for the intersection between old and new, between disparate trends, between wildly different fields, between people of dissimilar cultures (see "The Skill Every Fundraiser Needs: Cultural Wisdom" on page 18 and "Let's Not Call It Diversity Training" on page 27). It's at such intersections that innovation is born.

Social entrepreneurs are disrupters on a giant scale. They care less about how many people they reach than about the impact and sustainability of the systems they build. For them, change-making comes from seeing people's potential and helping them discover their own possibility. (Take a look at "The Ripple Effect of Social Entrepreneurs" on page 26 and "Keys to Successful Social Enterprise" on page 28.)

The role of social entrepreneurs, change-makers, and disrupters is to ignite hope and turn hope into impact. Imagination is a prerequisite; you need to imagine yourself creating the future you want to see in the world. You must find customers who have needs, understand how those needs represent an opportunity, and create service that customers value.

Perhaps most important, you must turn your head and look in a new direction."How Changing Your Lenses Will Strengthen Your Leadership" (page 12) describes how new views, unexpected connections, and "high desperation" can help you be a better leader.

Continually ask questions such as these:

- **What major upheavals** will affect you? How can you be a catalyst in riding those waves of turbulence?
- **How are your customers' needs,** perceptions, and tastes changing?

> "Look for the intersection between old and new."

- **Are the right people in place** to lead your organization into the future? (See "Do You Have a Plan A? Three Steps to the Future" on page 28.)

You can be sure the future will be full of interesting new disturbances. Are you ready to turn them into opportunities?

Jill Muehrcke
muehrcke@charter.net

Six Things to Do Next Monday

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

1. **Ask yourself which leadership lens you like to look through** (answer the questions in "Red Leader Or Blue – Which Are You?" on page 13).
2. **Check that you have the essential board committees** detailed on pages 8-9 and that they meet the conditions explained there.
3. **Make the commitment** to do something to deepen your understanding of another culture. Begin by reading pages 18-19.
4. **See if you can use any of the successful strategies** in "Anatomy of an Award-Winning Campaign" (page 6) in your own fundraising plans.
5. **Be sure that you're creating an environment** in which people will thrive. Look over the list of fundamentals in "What Makes a Leader?" (page 21).
6. **Use the questions** on page 5 ("Is It Time *ALREADY?*") to see if your website needs an update.

What Makes You Different?

Differentiating yourself can be difficult, but it's worth the work.

By Max T. Russell

Shana is executive director of an organization I'll call Let's Live Now. When I ask what her nonprofit does, the answer rolls right off her tongue:

"We inspire people in the lower half of our state to take better care of themselves through convenient exercise and nutritious foods, especially locally grown."

I remark that her description sounds similar to other initiatives. She frowns a bit as she says, "Well, I can't speak for other groups, but we actually do what I said."

I'm suspicious, because people like Shana often have a special motivation for their involvement with an organization. That motivation is what sets the organization apart.

Yet I didn't hear anything personal in what she told me. At her request, we continue our conversation.

Me: "Why did you start Let's Live Now?"

Shana: "I watched my grandfather, my uncle, and my father get older, become inactive, get fat, and have heart attacks or strokes. My grandmother, my aunt, and my mom tried their best to get these good men to take better care of themselves. I went to college for training to turn this kind of situation around."

Me: "I've read a lot of your marketing materials, and I didn't see anything about what you just told me."

Shana: "I guess I've always figured the main thing is to tell people how to take care of themselves and make the information as accessible as possible – not focus on myself."

Me: "The story you told me is what powered you through college and all kinds of graduate-level seminars. It would probably make an impression on others. Have you tried it on your client base or supporters?"

Shana: "I do somewhat, when I speak to groups sometimes."

Shana's situation is common. Some directors know exactly how to say what makes their organization different, while others have never stopped to spell it out in their own heads.

> "Why wouldn't all directors want to do the work of differentiation?"

It can be difficult to identify your own special motivation. Once you draw it out into the open, a smart second step is to translate that information into communication materials that depict the true origin of the organization and what makes it unique to its clientele.

That step is seldom taken, because most directors don't have a strategy for it. In fact, many people blindly entrust their identity and prosperity to word-of-mouth advertising.

Shana doesn't want to be one of them. She realizes her organization needs to retool before it can fulfill its goals. All the communications of Let's Live Now can be remade to reflect (1) the stories behind the organization's birth and purpose, (2) an emphasis on men's health, and (3) how families can help their men live healthier lives.

That's an upgrade that will turn heads. That's how Shana can differentiate herself as a leader. Why wouldn't all directors want to do the work of differentiation? It's the best starting point for making messages clear as a bell.

Max T. Russell (maxt@maxtrussell.com) is owner of Max and Max Communications. He improves marketing messages for alternative medicine, lawyers, nonprofits, and business intelligence.

advertisers' index

Top Can't-Miss Resources for Nonprofits

Are you taking advantage of the online tools available to you as a nonprofit?

By Jason Buys

Nonprofits have the stigma of being bootstrapped, passionate, overly ambitious organizations for a reason: because they often are. When you're working for a cause, passion and ambition are easier to come by than funds.

There are a variety of online tools that make it easier. Below are resources you don't want to miss for your nonprofit:

Crowdsourcing Resources

Crowdsourcing was made popular and accessible by platforms like Kickstarter and Indiegogo. Crowdsourcing doesn't always require a coordinated campaign with a time limit and intense promotion plan. Try these two ideas:

AmazonSmile. Do you shop on Amazon? Consider how many of your potential donors do the same. AmazonSmile gives them the chance to choose a charity to support every time they shop, with 0.5% of the purchase price on eligible items donated to your cause. It takes five easy steps to get started (https://org.amazon.com/re=smi_se_saas_org_org), and with even just a bit of promotion, the potential is unlimited.

#GivingTuesday. Surely you've heard of Black Friday and Cyber Monday, but have you spread the word about Giving Tuesday? While it's just one day, it's a fantastic opportunity to get your organization in the limelight, grow your social presence, and kick off potential long-term relationships. Visit the Giving Tuesday site (givingtuesday.org) to learn more about how to maximize the day.

Marketing Tools

Consistency is key in digital marketing. That's why the following tools are so helpful:

E-mail service providers + analytics. Building a list gives you a ticket into your potential donors' sacred space – their e-mail inbox. Consistent communication with messages that matter is the key. Choose an e-mail provider that makes this both possible and simple. We recommend Emma: simple, intuitive, and built with a nonprofit edition (myemma/email-marketing-solutions/nonprofits), including tailored features and 20% off your monthly bill. And because you can't improve what you're not measuring, we highly recommend an analytics platform like Pinpointe (pinpointe.com) that specifically measures success rates of e-mail campaigns to provide actionable reports.

Social media dashboards. A critical part of your marketing suite is your social media presence. While we could write a whole book on best practices, one thing we can sum up here is the importance of streamlining your social media efforts through the use of dashboards. We love Hootsuite (hootsuite.com) for its simplicity in following streams based on lists and hashtags while also being able to schedule tweets in advance (you can bulk schedule up to 350 at a time!). Scheduling evergreen content that can be repurposed regularly? Try out a tool like Edgar (meetedgar.com) that creates hands-off schedules and builds the queue for you.

> "With even just a bit of promotion, the potential is unlimited."

Advertising Resources

Advertising typically comes with a hefty price tag – especially proven power tools like Google AdWords. Before you give up on the possibility of making it work for your nonprofit, try this:

Google Ad Grants. This program (google.com/grants/) puts AdWords within reach for nonprofits. It provides $10,000 per month in-kind AdWords advertising, so long as participants are promoting mission-based ads and keywords. Not every organization is eligible, and some may find that $10,000/month is not enough, but for most, this is an opportunity you don't want to miss. Google has even made AdWords Express available for Ad Grants participants, to make campaign management simple.

Website Resources

Last, but certainly not least, we turn to your website - your online home. Unfortunately, the digital space is most likely evolving much faster than your budget. So, how do you keep your site up to date?

Check out the list of questions in "Is It Time *ALREADY*?" (page 5) to see if you need a web redesign. Remember, it's not about doing this when you have the budget. It's about building in a budget for when you need to do it.

> "You might never be ready, but you should start anyway."

And If That's Not Enough . . . .

In addition to the above can't-miss tools for your nonprofit, we have a bonus that we'd be remiss not to mention: "text-to-donate" platforms that streamline giving, like MobileCause (mobilecause.com), Optimal Giving (optimalgiving.com), and DonationMatch (donationmatch.com), a San Diego-based online platform where you can request donations for your cause from participating companies. Like the other tools discussed here, they can help you stretch your impact and your budget while raising funds to support your mission.

Jason Buys (jay@thisisvisceral.com) is the co-founder of Visceral (thisisvisceral.com), a San Diego-based creative agency that crafts digital products for the world's leading causes and socially conscious organizations.

Make Your Life Easier with Online Tools

For more ways to use online resources to your advantage, see these articles at NonprofitWorld.org/members:

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

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

Harnessing the Internet to Raise Funds (Vol. 31, No. 2)

Accelerating Fundraising through Social Media (Vol. 28, No. 3)

Planning for Digital Longevity (Vol. 34, No. 1)

Wow People with Your Digital Material (Vol. 34, No. 2)

Is It Time *ALREADY?*

Can it really be time to redesign your website, *again*? You just had it rebuilt two years ago. That's only 730 days. What could possibly happen in the web world in 730 days to make your website out of date? Well, a lot.

For one, technologies for websites are advancing all the time. Just in the last few years, responsive design went from being something brand new, to now being necessary for most websites. This makes sense because 60% of all web traffic comes from mobile now. If you have a responsive website, you have a better chance of being higher up on those search pages on mobile devices.

Ask yourself these questions (this list is not exclusive but it's a start) to determine if you're in need of another web redesign:

- **Has your brand** or brand attributes changed since your last redesign?
- **Has the mission** of your organization or the communications strategy for your organization changed?
- **Does your website support** your organization's goals this year – five years – 10 years?
- **Are you meeting** your goals right now? For example, are the amount of donations you receive increasing, decreasing, or staying the same every month?
- **Are you monitoring** your website's analytics? If so, has traffic gone up, down, or stayed the same?
- **Are you measuring** online engagement from your audiences? If not, how might you do this?
- **Have you talked** to your audience about how they are using your site?
- **Does it take you** more than five minutes to make an edit on your website?

There isn't an exact percentage of "yes" or "no" to these questions that are going to make your organization ready for a redesign. If you wait until you're ready, you'll be waiting forever. You might never be ready, but you should start anyway.

Anatomy of an Award-Winning Campaign

A case study offers winning direct-mail fundraising ideas.

By Courtney Lewis & Kelly Potchak

What's the special something that sets a winning marketing effort apart? Certainly there are objective characteristics that are readily apparent in package design. Then, too, there are subjective qualities that capture people's hearts, minds, and imaginations. Guide Dogs for the Blind (GDB) combined the two in a package that has won multiple awards and is growing GDB's donor file by leaps and bounds.

So what comprises the "secret sauce" that powers this and other successful campaigns? Read on and we'll dissect the elements that underlie the anatomy of an award-winning campaign.

Turn the Familiar into the Extraordinary

Many organizations find a formula that works for them and then stick with it for years. While such workhorses sustain an organization, they do little to help the nonprofit achieve its full potential. It's important for nonprofits to have an adventurous spirit and be willing to try something new.

When contemplating a new strategy, test various concepts before committing to one. GDB, for instance, tested four packages before making its choice. The ultimate selection took GDB's long-time formula – the testimonial – and stood it on four paws, so to speak, by adding an out-of-the-box element: The testimonial came from a dog.

Execute Your Winning Concept

Once you've created and tested a novel concept, be sure to articulate that element throughout the package. It isn't enough to find a "hook" and rely on it alone. Look for ways to take it to another level.

Beyond relying on an atypical testimonial source (a dog), the GDB package also incorporated a rather unconventional tone for a direct-mail letter – one that was decidedly positive and full of excitement. The enthusiastic style of the letter mimicked the unbridled excitement of a puppy. In being so different from the characteristic direct-mail letter, it captivated readers' interest, held it, and motivated them to donate.

Central to the goal of acquiring new donors is the need to position an organization so that people want to lend their support. No one wants to read a dull mission statement or a dry bullet list of "what we do." It's critical to convey key information in a compelling way so that recipients will read and digest it.

The "Letter from a Guide Dog" campaign used a guide dog's voice to tell his life story from puppyhood till placement with his human partner. The letter subtly conveyed what GDB does, its needs, how donations are used, and the impact of each gift. More than that, it spoke to GDB's two primary audiences: dog lovers and those who want to help people who are blind or visually impaired.

Incorporate the Tried and True

In addition to the letter, GDB's direct-mail package included adorable puppy photos and three other elements with a proven track record of success:

An insert reinforced the impact of donor gifts by explaining in greater detail GDB's financial needs and how gifts are used.

A liftnote, penned by the dog's human partner, used the tried-and-true testimonial technique to demonstrate donor impact in a personal way. While the tone was emotional, it was neither dramatic nor depressing.

Last but not least was the use of a front-end premium (a small gift sent along with the mailing). Testing consistently confirms that including a mission-oriented premium boosts

response rates in nonprofit acquisition packages. In this case, GDB's premium was a branded mixture of address labels and stickers featuring guide dogs.

In devising your own direct-mail package, develop creative ways to improve on what has worked for your organization in the past. Always remember that there is no substitute for high-quality writing. Know your recipients, and produce a letter that's meaningful for them. Then revise your letter, and revise again. Set your letter aside for a few days, reread it with fresh eyes, and revise it still further. The impact of careful revisions can be astronomical.

Developing Your Award-Winning Package

Not everyone has the option to use a cute puppy to build rapport. Still, a similar touchpoint exists for every nonprofit. Find that opening, and put a fresh spin on proven strategies as you incorporate new ones.

Don't forget package design and execution. Develop an attractive design and infuse that creative approach in a consistent but non-repetitive way throughout the package. Use high-quality photographs, bolded text, display quotes, teasers, white space, and color to achieve a visually appealing package that invites, dare we say commands, recipients to open and read.

Courtney Lewis, a vice president at Chapman Cubine Adams + Hussey (ccah.com), has a decade of experience at CCAH, developing complex direct-marketing strategies for some of the country's largest and most successful brands. Kelly Potchak is an award-winning direct-response copywriter and strategist. Driven by the belief that the written word can inspire change, Kelly develops creative campaigns that advance animal rights, promote health and healing, and help to protect and conserve our natural world.

More Keys to Direct-Mail Success

Learn more about successful campaigns with these articles at NonprofitWorld.org/members:

55 Direct-Mail Secrets (Vol. 25, No. 1)

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

Making the Mail Work (Better) for You (Vol. 21, No. 2)

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

Choosing the Right Typeface Means Cash for Your Cause (Vol. 15, No. 6)

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

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

please get in touch...

We would love to hear your response to anything in **Nonprofit World**, your comments about any aspect of the nonprofit sector, and your concerns about your daily work. Please get in touch in any of the following ways:

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

E-mail to: muehrcke@charter.net

Please include your name, organization, address, phone number, and e-mail address. If you'd like your comments to appear anonymously, please let us know. We look forward to hearing from you!

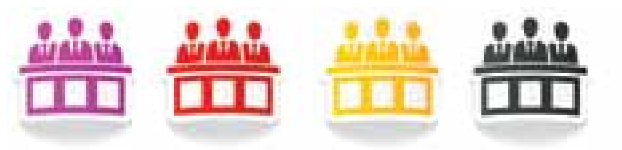
Also, we hope you'll join the discussion on the Nonprofit World Discussion Forum. Just go to NonprofitWorld.org, sign in as a member, and click on the Nonprofit Forum link.

WHAT'S UP ONLINE?

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

NonprofitWorld.org/social/
(free Yahoo login required)
or send a blank e-mail to:
NonprofitWorld-subscribe@yahoogroups.com

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



Board Committees: Essential Elements to Success

Put committees to work for your organization.

By John Sannella

Many who work within or serve nonprofit organizations might nod their heads in agreement with the late, great comedian Milton Berle who is credited with saying, "A committee is a group that keeps minutes and loses hours." Others may be inclined to concur with the cynical opinion of humorist Fred Allen, who pronounced committees "a group of the unprepared, appointed by the unwilling to do the unnecessary."

But seriously, folks – both standing and ad hoc board committees are effective, critical components to the success of nonprofit organizations so long as the following three conditions exist:

Their purpose is clear.

Open, honest communication exists among members.

The work of the committee is acknowledged as a valuable contribution.

Why Form a Committee?

- **A committee can address complex matters in detail** and then bring its recommendations to the entire board.
- **Committees create efficiency** and focus.
- **The use of committees helps ensure that the specialized skills and interests of board members** are used to their best advantage.
- **You will save time** at general board meetings.

What Questions Should You Ask Beforehand?

Before you form any committee, ask yourself:

- **What's the purpose** of this committee?
- **What are its responsibilities** and specific tasks?
- **What are the time requirements** for this committee?
- **What type of reporting** is expected?
- **How are committee members** selected?
- **What is the term of office** for members?
- **What resources does the committee need** to complete its task?

What Are the Steps to a Successful Committee?

Draw up a committee charter. State the committee's objectives clearly and concisely. Include pertinent, specific goals and time lines. Without such a charter, members may become frustrated and wonder if their participation is truly valued. Committees created merely for the sake of having committees serve no one.

Choose committee members based on people's skills, interests, and dedication to the mission and task. Limit membership to three to seven people, with no person having membership in more than two committees. Consider having non-board volunteers as members of committees. Also entertain the idea of adding a germane staff member.

Select the committee chair carefully. Committees are directly answerable to the board that created them, and the committee chair is responsible for delivering reports at the full board meeting.

What Committees Do You Need?

The most useful committees, along with their responsibilities, are:

THE FINANCE COMMITTEE

- **Provide** financial oversight.
- **Approve** operating and capital budgets.
- **Compare actual spending** against the budget and the level of cash.
- **Determine the level** of necessary reserves.
- **Provide commentary** on the organization's financial health to the main board.
- **Offer input** to the board's strategic plan.
- **Perform duties of an Audit Committee** in the event that a separate Audit Committee hasn't been established.

THE EXECUTIVE COMMITTEE

- **Act on behalf of the board** when it's not necessary or possible for the full board to meet.
- **As this is one of the more controversial committees, its purpose and authority level should be defined in the bylaws** to be sure its authority doesn't replace the authority of the full board. The full board should always validate the Executive Committee's decisions at its next board meeting.

THE GOVERNANCE COMMITTEE

While the functions of this committee vary with each organization, it is generally responsible for the following:

- **Recruit** prospects. Identify board vacancies, and assess the composition of the current board. Determine gaps where skills are lacking. Find potential board members to fill the vacancies.
- **Orient** new board members.
- **Provide** continuing education to board members.

- **Periodically, help the board assess itself** and make improvements if necessary.
- **Monitor attendance** at meetings.
- **Evaluate** board member participation and contribution.
- **Nominate** new board members and officers if there isn't a separate Nominating Committee.

THE INVESTMENT COMMITTEE

- **Develop** an investment strategy.
- **Oversee** the organization's investment policy.
- **Keep an eye on** investment returns.
- **Perform due diligence** on outside investment managers while monitoring the types and levels of alternative investments.

THE AUDIT COMMITTEE

- **Monitor the effectiveness** of internal controls over financial reporting.
- **Recommend** the selection of external auditors to the board.
- **Discuss the quality** of accounting and reporting principles, practices, and procedures with external auditors.
- **Review the scope** of the annual audit.
- **Meet with auditors** to discuss financial statements and internal control deficiencies.
- **Oversee implementation of any corrective actions necessary** to remediate internal control deficiencies.
- **Manage** the organization's whistle-blower policy.

THE STRATEGIC PLANNING COMMITTEE

- **Direct** the development of the strategic plan.
- **Communicate** recommendations from the strategic planning process to the board.

THE COMPENSATION COMMITTEE

- **Supervise** the compensation of highly remunerated individuals. Ensure that appropriate measures have been taken to determine that salary and other benefits are comparable to the compensation of other organizations of similar size and scope.
- **Be sure that appropriate documentation is maintained** to support compensation decisions.

THE HUMAN RESOURCES COMMITTEE

- **Assure adherence** to state and federal employment laws and regulations.
- **Confirm** that performance evaluations are completed.
- **Ensure that each employee** has a current job description.
- **Make certain** that appropriate training, development, and career path planning takes place.
- **Perform the duties of the Compensation Committee** if a separate committee isn't in place.

THE DEVELOPMENT COMMITTEE

- **Check that funds are raised** in accordance with the development plan.
- **Oversee relationships** with professional fundraisers.
- **Encourage board involvement** in fundraising. (But remember that actual implementation of fundraising plans is management's responsibility.)

What Questions Need a "Yes"?

All committees work best when you can answer these questions in the affirmative:

- **Are committee members recognized** and appreciated?
- **Does the committee evaluate** its own performance?
- **Are members and the chair** well prepared for meetings?
- **Does the committee recognize its time commitments** both in the overall project and at meetings?
- **Is there good communication** among members?
- **Are minutes clear** and concise?
- **Is the work of the committee recognized** as making a valuable contribution to the organization?
- **Is the purpose of the committee** clear to all members?
- **When committee chairs report to the board, do they keep their communications succinct** while assuring that the board holds a full discussion and considers all options?

Your committees are essential work units of your organization. Effective committees eliminate time-consuming detail from board meetings, let more people become involved, and expand the organization's support base. Just as important, a committee nurtures people's commitment to your organization.

John Sannella (jsannella@kafgroup.com), CPA, is an audit partner with KAF Financial Group's Not-for-Profit Industry Practice.

Get Your Committees On Board

Use these and other articles at NonprofitWorld.org/members to learn more about the work of board committees:

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

Defining Your Board's Needs (Vol. 26, No. 1)

Make Good Use of Your Treasurer and Finance Committee (Vol. 27, No. 2)

How Can Your Board Participate in Strategic Planning? (Vol. 30, No. 2)

Leading the Transformation of Boards (Vol. 22, No. 2)

Can Standing Committees Contribute to High-Impact Governing? (Vol. 25, No. 2)

Free Webinar Recording for Members: Board Committees as Powerful Governing Engines. This webinar will help you establish productive committees and ensure they function effectively over the long run.

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

Mistakes to Avoid when Building Your Volunteer Handbook

These simple rules can improve your volunteers' performance – and save you from a devastating lawsuit.

By Shawn Kendrick

Lawsuits against nonprofit organizations grow more common every year. Most of these suits are brought by employees.

That's why you need to put virtually everything involving your employees in writing. And, of course, your employees include your volunteers.

To avoid legal problems, it's best to present your policies in the form of a handbook. Developing or updating your volunteer manual can seem daunting. To make it easier and keep you on track, here are some pitfalls to look out for:

Mistake #1: Thinking "They're Just Volunteers"

The number-one error you can make is to think that the volunteer guidebook isn't as important as the one for paid employees. You'll be doing yourself and your volunteers a favor if you put serious effort into the document.

Volunteers sense when there's a lack of resources directed at their program. They won't stick around if this is the case. Handing a poorly-designed handbook to a new recruit doesn't set a good tone during volunteer orientation.

Think of volunteers as employees who happen to work for free. They can produce as many benefits and create as much risk as regular employees and should be treated as such. Make sure you put in plenty of language regarding expectations and the consequences for not meeting them.

As nonprofit consultant Tobi Johnson points out in her blog (tobitjohnson.blog.com), you want to make sure volunteers actually read the manual. So follow these guidelines:

- **Keep the writing** conversant, clear, and simple.
- **Liven up** the manual with photos and short testimonials from current volunteers.
- **Avoid** industry jargon.
- **Enlist the help** of seasoned volunteers in writing the manual.

Mistake #2: Getting Sidetracked onto a Meandering Path

When planning the specifics of the handbook, it's not uncommon to get sidetracked from your original goals. Your handbook should answer three critical questions your new recruits are asking themselves:

- **Does this organization** have the capacity to make a difference in the world?
- **Can I** make a difference here?
- **Will I** fit in?

One way to avoid losing sight of your original goals is to create an outline or checklist of what your document needs to have. Do this in the beginning of the project and keep it at the forefront as your guide throughout the process.

If you're having trouble deciding exactly what you should have in your handbook, the Resource Center of the Corporation for National and Community Service has an outline you can follow (nationalserviceresources.org/practices/17451).

Experts say that your handbook should have the following elements at a minimum:

- **organizational information:** purpose and history of the organization, as well as an organizational chart
- **expectations of the volunteer:** ethical, performance, legal, training, and safety requirements the volunteer must follow

> "Enlist the help of seasoned volunteers in writing the manual."

- **expectations of the organization:** support, training, and safety measures that the organization will provide for the volunteer
- **separation requirements:** an explanation of when and how the organization and volunteer may terminate their relationship
- **essential forms:** documents for volunteers to sign acknowledging they understand and agree to the material in the guidebook, plus any other forms required for reporting purposes.

These can and should be broken down into more detailed information specific to your organization.

Mistake #3: Not Seeking Legal Advice

After creating your document, there's one last – and important – pitfall to avoid: lack of legal advice. Have an attorney or human resources expert take a look at what you've created.

What seems like common sense on the surface may be completely illegal in your area. With this understanding, it makes sense to bring in a qualified set of eyes. It may cost a little bit of money for a review, but the peace of mind and insulation against future litigation will be worth it.

A Vital Part of Risk Management

The volunteer manual is a document that's often overlooked. However, savvy nonprofit managers understand that, when properly crafted, this document is an important part of risk management and can serve as a great road map for both the volunteer and the organization.

Shawn Kendrick holds an MBA from Ohio Dominican University and has over a decade's experience in the nonprofit and business sectors. He enjoys researching and blogging for VolunteerHub (volunteerhub.com), a cloud-based volunteer management software that offers online registration, e-mail and text messaging, and report generation.

Boost Performance & Reduce Risk

Use these articles (at NonprofitWorld.org/members) to inspire volunteers and minimize risk:

Great Policies & Procedures for Your Organization (Vol. 31, No. 5)

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

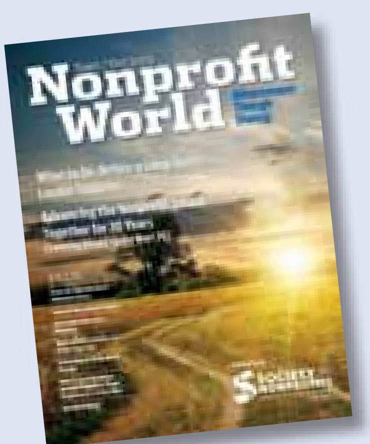
Six Ways to Reduce Risk & Comply with the Law (Vol. 25, No. 6)

Don't Let Volunteers Put Your Organization at Risk (Vol. 10, No. 1)

The Most Likely Lawsuits—and How to Protect Yourself (Vol. 19, No. 1)

Free Webinar Recording for Members: Welcome, Adapt, Or Avoid? Responding to Trends in Volunteerism. This webinar offers an overview of key trends and the issues they raise for volunteer engagement.

Coming Up in *Nonprofit World*



- Exposing the Beast: Seven Deadly Wastes in Nonprofits
- A Quick Personality Test to Build Better Relationships
- The Six Worst Errors You Can Make When Seeking Support
- Cybersecurity: Not Just for Home Depot Anymore
- Ignite Passion by Connecting Online
- Find Your Best Sources of Income
- A Communication Checklist to Engage People
- The Power of Story: Bring Your Brand to Life
- How to Use Board Members' Time Wisely
- A Different Kind of Assessment: Test your Leadership
- What's the Trick to Writing E-Mail Fundraising Letters?
- Three Steps for Getting the Most from Millennials

And much more!

How Changing Your Lenses Will Strengthen Your Leadership

Here are six ways to shift your perspective – and lead more effectively.

By Prasad Kaipa & Navi Radjou

Your leadership perspective is based on the sum total of the knowledge, experiences, and choices you've made before. That perspective defines you, shaping your thoughts, decisions, and actions. It represents the way you see yourself and the situations that arise, how you judge the relative importance of things, and how you establish a meaningful relationship with others and everything around you.

Some leaders are focused on narrow, short-term goals, deepening their depth of knowledge in their domain of interest (we call these "blue" leaders). At the other end of the range are "red" leaders, guided by long-term visions that help them differentiate patterns and make strategic plans.

Most leaders favor either a blue or red type of leadership (see "Red Leader Or Blue – Which Are You?" on page 13 to see where you are on the spectrum). Both viewpoints have value. But, taken alone, each is limiting.

The problem: It's not easy for smart leaders to shift their perspective, because it's all they know. Sometimes, to get out of their comfort zone and evolve to the next level, they need to do something counterintuitive: They need to take off their "smart glasses."

When they remove those lenses, smart leaders can gain a broader perspective. By changing their "smart" perspective and cultivating practical wisdom, they can lay the foundation for a wise leadership style that's more effective.

> "Lay the foundation for a wise leadership style."

What's a wise leader perspective? Wise leaders continually reframe and reinterpret events. They find new meanings within a rapidly changing context. Rather than relying on either a short, focused view or a broad, overarching one, they integrate both into a constantly shifting "bi-focal" way of seeing. They develop a flexible and resilient mindset that makes them act and lead with wisdom – and become more influential leaders.

To move from a smart to a wise leader perspective, start by seeing the world differently. Here are six ways to do it.

1. Become aware of your limitations, and transcend them.

One organization held a workshop called Dialogue in the Dark, led by visually impaired trainers. They conducted the entire workshop in total darkness. The goal of this experiential learning program was to shift leaders' perspectives by making them aware of their limitations, while increasing empathy for others. **What's your biggest limitation? How did you come to have it? How might you transcend it?**

2. Learn from desperation.

High desperation can spark epiphanies, so pay attention to what your next crisis has to teach you about perspective. While in a WWII German concentration camp, Victor Frankl realized one day that although the Nazis could torture his body, they had zero control over his mind or spirit. This empowering shift in perspective helped him survive and then to inspire his fellow prisoners to take control of their own mindsets. **What fear are you running from? How can you pay attention to it so that you can walk to the other side of desperation and discover something very new?**

3. Act on inspiration from talks or books.

The CEO of a well-known tech firm attended a talk on service-oriented organizations. He was so inspired that he acted completely out of character and drove straight to the hospital to spend four hours at the bedside of his 80-year-old neighbor. **Do you always have a new book or talk on your to-do list? Do you act on what you learn?**

4. Take an extreme turn – out of your comfort zone.

Getting outside your comfort zone is a quick way to experience leadership from a new perspective. In early 2000, while awaiting the court decision in the antitrust lawsuit against Microsoft, Bill Gates decided to step down as chief executive and focus on his passion for software. This jolted his perspective, and that same year, Gates and his wife established the Bill & Melinda Gates Foundation, taking his leadership in an important new direction. **Are you holding on to an old and unworkable mindset? What extreme step can you take to experience and lead differently?**

5. Ditch your old glasses and look through fresh eyes.

Sometimes, shifting your perspective is as simple as really *seeing* what's there. That often means letting go of an old focus so that you can concentrate on something else that's right in front on you. **What do you need to "unlearn" and let go of? What might you focus on instead?**

6. Pursue unlikely connections and look for odd juxtapositions.

Ophthalmologist Dr. Venkataswamy created a revolutionary approach to curing blindness in India by studying McDonald's. He used the McDonald's idea of a high-efficiency, standardized, repeatable model to organize patients in operating rooms. He broke the procedure down into a series of discrete processes so that nurses and doctors could quickly move from one patient to the next. His company, Aravind, is now the largest eye care provider in the world. **What unlikely metaphors and connections can help you come up with an innovative mental model for your work?**

Prasad Kaipa and Navi Radjou are coauthors of From Smart to Wise: Acting and Leading with Wisdom *(Jossey-Bass), from which this article is adapted. Kaipa is a CEO advisor and coach and a senior fellow at the Indian School of Business. Radjou is an independent strategy consultant. Both based in Silicon Valley, they write popular blogs for HBR.com, speak and consult internationally, have been featured prominently in the national media, and are esteemed thought leaders in the field of leadership development and innovation. Learn more at fromsmarttowise.com.*

Red Leader Or Blue – Which Are You?

Do you tend to view your leadership role through blue or red glasses? Assess yourself.

IF YOU'RE A BLUE ZONE LEADER:

You value groundedness and concrete outcomes.

You focus on learning all you can about one area of expertise and becoming as competent as possible in that area.

Getting results is your goal.

You aim for high efficiency and productivity.

You like to concentrate on the "what" and "how" of your role without worrying about the "why."

You're comfortable with details.

You're prudent and prefer safe bets to risk-taking when considering new projects.

IF YOU'RE A RED ZONE LEADER:

You tend to have a visionary, long-term, big-picture perspective.

You're strategic in your approach.

You're drawn to entrepreneurial growth opportunities.

You relish high-stakes projects.

You're driven by the desire to do bigger and better things.

You tend to be dynamic, proactive, and even aggressive in search of growth.

You're opportunistic and dissatisfied with the status quo.

Whichever one of these zones you favor, be aware of your tendency. That way, it will be easier for you to set it aside when necessary and step into the opposite zone.

Each zone has its limitations as well as its strengths. To be a wise leader, you need to move from one zone to the other – and all the permutations in between – as the situation suggests.

Take off your red or blue glasses, and widen your view to include the whole spectrum of leadership potential. Once you understand that each role is just that – a role – you can be fully engaged in any one of them and then step out of it with ease.

Don't Get Boxed In

Free your mind with these out-of-the-usual perspectives (NonprofitWorld.org/members):

Outside the Comfort Zone (Vol. 25, No. 3)

Seven Ways to Be Unreasonable (Vol. 20, No. 5)

Do You Have Knowledge Where It Really Counts? Leadership Lessons I Learned from My Autistic Son (Vol. 28, No. 3)

No Need to Work on EQ (Vol. 23, No. 5)

Six Ways to Get Out of a Rut (Vol. 24, No. 4)

Leaders as Midwives Who Birth a New World (Vol. 28, No. 5)

STOP Before You Conduct That Survey!

Don’t waste money on useless surveys. They may do more harm than good.

By Stephen C. Rafe

Nonprofit organizations, particularly those that rely heavily on volunteers, often conduct studies in hope of gathering information that will help them become more successful. Although such studies may yield useful information, their findings are of no value unless something further is done with them.

The key is to convert the data into actionable steps – and do something with what you’ve learned. Even before that, you need to ask whether the information you’ve generated is useful. Indeed, you ought to ask that question in future tense while you’re designing the study. And then there is the ultimate question: Will all the planning, preparation, and expending of human and financial resources be justified by the outcome? None of this will be worthwhile unless the study results in meaningful change or reinforcement that your organization is already carrying out what the findings recommend.

Studies are a start, not a conclusion

If you label surveys themselves as “actions” and see them as end results, you could consider yourself fortunate that nothing has changed. But that’s not true. When you do something that suggests constructive change will result, you raise people’s hopes. So when they receive a survey, they take the time to respond. Then others process the results, analyze the findings, and submit a report. The report is then published and circulated. And perhaps some recipients even read it . . . before they file it away. And nothing changes.

> “The key is to convert the data into actionable steps.”

> “Will all the work be justified by the outcome?”

Symbols are not substance

Surveys give the appearance of action, but they don’t change a thing. They’re merely *symbolic* gestures, lacking meaningful substance. Despite the resources expended on them, the risk is that you will simply continue to conduct business as usual.

Substantive actions are different. They require doing something about what you might expect the symbolic actions to produce. For example, a survey might reveal what people expect from your organization. If you don’t put those expectations into practice, people will become disenchanted with the process, and you have done more harm than good.

The problem with trying to effect substantive actions is two-fold:

1. **Not everyone may agree** with the intended outcome or with the steps and timetable needed to achieve it. The more your actions alter the organization’s core practices, the harder it becomes to maintain people’s commitment to the plan.
2. **Employees – both paid and volunteer – tend to assume follower roles** and defer to one individual who is willing to take charge – especially if that individual prefers the status quo.

It's important to speak up

Accepting conformity and the status quo gives a false sense of order. It keeps leaders from confronting the need for change, as Michael Ba Banutu-Gomez, professor of management at Rowan University, tells us.

There is another side to the issue as well. Trying to avoid conflict causes many followers to open themselves up to being exploited by unscrupulous leaders. Followers need to stand up to their leaders and ask tough questions about an idea's feasibility.

It's the clash of conflicting views that provides the diversity needed to spur innovation. Leaders and followers both need to confront their fear of conflict and change. Only then can they move beyond symbolic gestures to substantive, meaningful action.

Stephen C. Rafe (stephen@rapportcommunications.net) is president of Rapport Communications (rapportcommunications.net), a consulting and coaching firm specializing in behavior-based communication (written and spoken), which he founded in 1986. Author of three HarperBusiness books on presentations and interviews, he has held executive positions in the nonprofit sector.

> "When you send a survey, you raise people's hopes."

Putting Feedback to Good Use

For more on leading through action and putting surveys in their proper place, take a look at these resources. Starred articles are available through the Society's library at NonprofitWorld.org/members.

***What Followers Want from Leaders: Capitalizing on Diversity** (Vol. 25, No. 5)

***Taking Action to Manage Change** (Vol. 29, No. 2)

Great Leaders Teach Exemplary Followership and Serve as Servant Leaders, *Journal of American Academy of Business* (Vol. 4, No. 1-2)

***Adapt to Change to Survive** (Vol. 24, No. 2)

***Do You Have the Skills of a Servant Leader?** (Vol. 28, No. 6)

Here Come the Millennials — and Their Money

If you're ready, you can reap rewards from two-thirds of today's workforce.

By Sean MacNeill

Millennials have now surpassed baby boomers as the largest demographic in the United States. If you're one of the many who believe that millennials aren't a viable fundraising target and that they'll never be as charitable as their parents, it's time to take a closer look.

In reality, millennials (ages 18-34) and generation X (ages 35-50) together comprise two-thirds of the American workforce. By 2020, that number will climb to more than 70%.

Being part of the workforce means you collect a paycheck, which means you likely have disposable income. With disposable income comes the ability to donate and support charitable causes. Baby boomers (ages 51-69) are traditionally thought to be the cornerstone of many nonprofits' fundraising strategies; however, they're beginning to enter their retirement years, which means this demographic as a whole will have less disposable income to donate in years to come. A survey conducted by GOBankingRates (gobankingrates.com/retirement/1-3-americans-0-saved-retirement/) shows that many boomers are poorly prepared for retirement, with more than half of people ages 55+ lacking sufficient savings to retire.

So if workforce equals paycheck, and paycheck equals ability to donate, why isn't there a greater focus from nonprofit organizations on younger, actively employed demographics?

> "Their sheer population alone will disrupt giving trends."

Let's take a deeper look at the numbers and drill into what this information means to nonprofit leaders and organizations.

Positive News for Nonprofits

According to the *Millennial Impact Report* (themillennialimpact.com/research/), a whopping 84% of millennials made a charitable donation in 2014 – and this percentage will only continue to grow. This generation is composed of digital natives who are constantly attached to their smartphones. They're best prepared to give on their mobile devices using fundraising technology, like text-to-donate and online giving solutions.

The report also revealed that millennials aren't as self-involved as they're often painted. They mostly give to causes they feel personally attached to and typically spread their philanthropic dollars across an average of five organizations.

A $358 Billion Opportunity

Giving USA reports that in 2015 Americans donated $373.25 billion to nonprofit organizations, the highest total in the report's 60-year history. Surprisingly, only 7.1% of these donations are made online or via mobile device. Direct mail, telemarketing, and in-person events are still dominating fundraising efforts – but this is where the information starts to get interesting.

As millennials climb through the ranks of the workforce and their charitable giving increases as a result, the shift toward mobile and online giving is going to be significant. Their sheer population alone, 75.4 million in the United States, will disrupt giving trends and make that 7% ratio skyrocket.

- **Fact: Online giving overall** grew 19% in 2015 compared to 2014.
- **Fact: The medical research sector** had the highest percentage of online giving, with 17% of fundraising from online giving.
- **Fact: Faith-based giving** came in second with 10.4% of fundraising from online giving.

(Sources: M+R Benchmarks, mrbenchmarks.com, Blackbaud 2015 Charitable Giving Report, blackbaud.com)

Another thing to take into account is that online giving growth correlates with e-commerce growth, even as far back as 2012. Today, e-commerce is growing faster than ever, with online purchases making up more than half of all retail purchases. According to Forrester Research, mobile devices are expected to be a key driver in that growth, with online sales predicted to increase at an annual rate of 9.23% over the next five years. If e-commerce continues at this trajectory, and online giving keeps pace as it has in the past, then nonprofits absolutely can't ignore this trend. If consumers buy online, they'll give online.

What About Generation X?

Generation X and even baby boomers are adapting to new models of giving thanks to the impact of social media and mobile technology connecting them to the charities and organizations they care about. Nearly 81% of gen Xers – about 65 million people in the United States – have a Facebook account. And it's worth noting that 70% of boomers do too.

But for whatever reason, when it comes to fundraising, Gen Xers are often ignored. Now I'm a Gen Xer, and trust me, we don't like to be ignored. However, the reality is the two generations have more in common than you may think. Let the data do the talking:

- **Boomers,** 29% of the workforce in 2015, gave a median amount of $478 in charitable donations.
- **Gen Xers,** 34% of the workforce in 2015, gave a median of $465 in charitable donations.

The numbers don't lie. Gen Xers are giving at nearly the same rate as their generational predecessors, but will be in the workforce far longer.

It's also worth noting that though gen Xers and baby boomers are thought to be more familiar with traditional methods of giving, if given the opportunity, both are willing and able to adapt to new technology. For this reason, prioritizing mobile and online donation technology is paramount. If given a choice between mailing in a check or donating by a fast and easy online or mobile method, these generations prefer fast and easy across the board.

A Potential for Growth

So how much potential is there? With last year's online donations totaling around $2 billion, and an estimated 13% yearly increase moving forward, there's an overwhelming amount of opportunity for nonprofits to benefit from mobile and online donation technologies.

> "There's a generational tidal wave moving toward mobile and online giving solutions."

It's simple. Rather than looking at the total population of the major donating demographics, we need to go one step further and look at the composition of the workforce and those who will continue to have the disposable income needed to give. Looking ahead to 2020, millennials will comprise 50% of the workforce. By 2026, they will dominate at 75%.

Why is it important to know the workforce percentage? Workforce = paycheck = ability to donate. To learn more, check out the New Generation of Giving Infographic at mobilecause.com/download-new-generation-of-giving-infographic-xpr/.

The workforce is where nonprofit organizations' ultimate potential lies. As new nonprofits come onto the scene targeting these demographics every year, existing nonprofits shouldn't become complacent and overly secure about their market share. If you're going to effectively engage these donors, you must address their interests and needs with a mobile and online solution that allows them to support and give to your cause in the way they prefer. There's a generational tidal wave moving toward mobile and online giving solutions, and we need to be prepared to ride it.

Sean MacNeill is the CEO of MobileCause (mobilecause.com), located in Calabasas, California. This article is adapted from his blog for the Huffington Post. *MobileCause provides mobile and online fundraising software to help nonprofits lower fundraising costs and target donors where they are most—on a PC, tablet, or smartphone.*

How to Reap the Rewards

For details on tapping into the new generations of givers, see these articles at NonprofitWorld.org/members:

Top Five Ways to Engage Donors with Social Media (Vol. 33, No. 3)

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

Accelerating Fundraising through Social Media (Vol. 28, No. 3)

Create a Donation Page that Rocks (Vol. 33, No. 1)

Remember Your Brand when You Market with Social Media (Vol. 33, No. 4)

Two Surprising Ways to Broaden Your Reach Online (Vol. 32, No. 4)

The Skill Every Fundraiser Needs: Cultural Wisdom

It's one of the most vital things you can learn. Here's how to get started.

By Lilya Wagner

What's one of the three main skills every nonprofit leader needs? According to a *Harvard Business Review* article, it's the ability to act in ways that other cultures find appropriate.[1]

In a nation growing ever more diverse, it's critical to broaden the definition of philanthropy to include traditions, preferences, and ways of giving by diverse populations and discard the "one size fits all" mentality. Today's "want ad" might say: "Wanted: fundraisers whose entrepreneurial spirit, cross-cultural knowledge, and analytical abilities match their skills in building strong personal ties to donors."

As immigrant populations increase, they grow in influence and resources. We call these ethnic groups *identity-based donors* because understanding their unique identities is essential to forming relationships with them. These donors are creating new philanthropic networks that resemble their cultures.

Some minority groups haven't attained the income levels of the majority population, but there are signs of emerging wealth and untapped purchasing power. It makes sense to conduct responsible prospect research that includes not just the basics but the additional layers of information that help secure funds from diverse sources – often sources that have been ignored or not tapped in appropriate ways.

How to Raise Your Cultural Intelligence Quotient

Understanding the giving traditions and habits of diverse populations isn't just an add-on; it's a necessity. Not to acknowledge and work with diversity is to ignore much potential income.

The ultimate goal is to become culturally proficient. A culturally intelligent person has the following traits:

- **knowledge** about cultures (facts and cultural traits)
- **awareness** (of yourself and others)
- **specific skills** (behaviors) that help connect people of diverse backgrounds.

Some ways to acquire this proficiency:

- **Ask questions** to identify common beliefs and values among people of each cultural background.
- **Get involved, and interact** with people of each culture.
- **Be courteous and honest** in communications with people from different backgrounds.
- **Identify and understand** people's varying values.
- **Be conscious not only of your words but your body language** (and the emoticons you use while e-mailing and texting) as well.[2]

How to Gain Support Across a Range of Cultures

The beauty and challenge of identity-based philanthropy is that there's much diversity – in practice, in approaches to generosity, in traditions, and in cultural behaviors. Some concepts to keep in mind:

- **Definitions of philanthropy differ.** People of other cultures see giving in very different ways.
- **Community is highly significant.** If potential donors don't see that philanthropy serves the community, they don't give.

---

[1] *Harvard Business Review* concluded in "Three Skills Every 21st Century Manager Needs" that "managers must overcome psychological barriers in order to act in ways that other cultures find appropriate."

[2] Books such as *Do's and Taboos Around the World* and *Kiss, Bow, or Shake Hands* address the nitty-gritty of communicating across cultures.

> "Not to acknowledge diversity is to ignore much potential income."

- **Generational differences matter,** as does the amount of time a potential donor or donor group has been in the U.S.
- **Philanthropy is strongly linked** to family and kinship.
- **Religion is important** in shaping philanthropy.
- **Tax considerations and public recognition** are of lesser importance for identity-based prospects than for mainstream America.
- **Customs and traditions** that are part of an ethnic identity also affect philanthropy.
- **Not all strategies or tools work** for all identity-based prospects. Some are more effective than others, as is accessibility to various strategies by prospects.
- **A mainstream organization may not rank high on prospective donors' list** if that organization hasn't served their particular ethnic group. Serve first, then ask.
- **Various views of government and legal systems** may come with immigrants and shape the way they think about generosity, obligation, reciprocity, opportunity, and other aspects of philanthropy.

Internalizing and using the vast information available can be daunting. Where to begin? Start with awareness. Use the above points as reminders of the rich differences our world possesses. Celebrate these differences as you use them in developing your plans and policies.

When considering how potential donors might relate to your requests for support, think about some classic opposites in beliefs and behaviors, which imply a range of characteristics. For example:

- **Some cultures value change;** others embrace tradition.
- **Some look forward** while others revere the past.
- **Rational thinking defines some cultures,** while intuitive thinking is more comfortable for others.
- **Transient friendship may be the norm for some,** while lifelong friendships are of great value to others.
- **Some cultures believe they control their state of being and future;** others have a more fatalistic attitude.
- **Individual versus group identity** is valuable in understanding how some cultures behave.
- **While some cultures encourage questioning,** others demand respect for authority.

In addition, some fundraising practices are more culturally specific than others. Be especially mindful of cultural identity when recognizing donors, conducting prospect research, and keeping records of donors and prospects.

Perhaps most important of all, look beneath the surface for each culture's core values. Consider those values in planning your outreach to identity-based donors. Understanding different codes of conduct is crucial, because fundraising is, above all, an exchange of values.

Dr. Lilya Wagner (lilya.wagner@nad.adventist.org or coplilya@cs.com) is director of Philanthropic Service for Institutions and is on the faculty of the Lilly Family School of Philanthropy at Indiana University as well as St. Mary's University in Minnesota. A frequent speaker and workshop presenter, she has served as associate director of the Fund Raising School and director of the Women's Philanthropy Institute and is the author of Diversity and Philanthropy *(Praeger Imprint, ABC-CLIO, abc-clio.com)*

Resources from *Nonprofit World* (NonprofitWorld.org/members)

The Failure of Diversity Training (Vol. 18, No. 3)

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

What Followers Want from Leaders: Capitalizing on Diversity (Vol. 25, No. 5)

Is Your Organization Culturally Competent? (Vol. 26, No. 6)

Managers Must Become Multicultural (Vol. 20, No. 6)

Beyond Diversity (Vol. 18, No. 2)

Moving Up: Can Seconds-in-Command Make the Transition from Manager to Leader?

Why do so many seconds-in-command have trouble when they're promoted?

By Joseph C. Santora & Gil Bozer

We're all familiar with the vital role seconds-in-command play in making nonprofit organizations effective. These are the people who often hold the organization together. They're the people that executive directors trust to manage the organization's operation and daily routine. Seconds-in-command also serve as a bridge between the executive director and staff to ensure that staff concerns are heard and resolved. For sure, seconds-in-command are indispensable members of nonprofits.

But what happens to seconds-in-command when they're appointed to fill an executive vacancy in the organization? Are they effective in this new leadership role?

The answer isn't self evident. While a second-in-command may have an excellent understanding of how the organization works operationally, many fail as executive directors – at least in the short run.

Why does this happen? The answer lies at the core of the executive director's role. This role is less about functional tasks like fundraising, planning, and engaging with external stakeholders. Instead, it's more about assuring overall effectiveness and responding to a changing environment.

When selected to be the new executive director, many seconds-in-command have trouble in three vital leadership areas:

Leadership Area 1: Defining a vision, including a mission statement, core values, and a strategy for the future. They're often unclear about this vision and have a myopic view of the organization. In their second-in-command role, they focused

> **"Many seconds-in-command fail as executive directors – at least in the short run."**

on programmatic and technical details. This new big-picture view often pushes them out of their comfort zone.

Leadership Area 2: Communicating with staff so that they understand and fulfill the mission statement. Communication is about presenting information so that it's clear and understandable. It's about using feedback to be sure employees comprehend the message. Helping staff understand why a new organizational direction has been charted, for example, creates "buy in" rather than staff "push-back."

Leadership Area 3: Motivating and empowering staff to become the best they can be through self-actualization. Newly appointed leaders often fail to engage staff enough to build the necessary consensus. Staff are the lifeblood of the organization. Leaders can't exist without good followers. New leaders need to nurture staff, offer them intrinsic rewards, and empower them to make autonomous decisions. Such an approach promotes more than just good will between leader and followers. It creates a real sense of community and organizational accomplishment.

Seconds-in-command who replace departing executive directors bring many strengths, including familiarity with the mission, organizational culture, and environment. It's important to recognize, however, that they also bring some potential weaknesses. The transition may be bumpy, but seconds-in-command can become effective leaders by focusing on the three key leadership skills described here. Doing so will ensure a successful transition from manager to leader.

Dr. Joseph C. Santora (jcsantora1@gmail.com) is distinguished visiting professor of management and director of the E-DBA program at Ecole des Ponts Business School, Paris, France. Dr. Gil Bozer (gilbozer@gmail.com) is a lecturer in the Managing Human Resources Department, Sapir Academic College, Israel. His key research interests focus on executive coaching, leadership development, and executive succession.

How Does a Manager Become a Leader?

For more on transitioning from management to leadership, see these *Nonprofit World* articles at NonprofitWorld.org/members:

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

Use Employee Ownership to Motivate People & Gain Revenue (Vol. 22, No. 4)

Transforming Your Organization from the Inside Out (Vol. 25, No. 4)

Grounded Visioning: A Quick Way to Create Shared Visions (Vol. 26, No. 4)

How to Change the World by Changing Your Culture (Vol. 31, No. 2)

Use Coaching to Retain the Leader's Edge (Vol. 28, No. 3)

Free Webinar Recording for Members: Succession Planning. Learn techniques for building your talent pool in line with your strategic goals.

What Makes a Leader?

It's imperative that nonprofits equip seconds-in-command with essential leadership skills. The way to do so is by creating a climate that promotes personal leadership development. Here are the fundamentals:

1. **Think strategically:** Work with others in the organization to establish organizational goals and objectives.
2. **Act systematically:** Tie everyone's work to the organization's mission, vision, and goals. Help people see how the organization's values align with their own personal values.
3. **Learn by doing:** Foster an environment of continuous learning, including opportunities for personal growth, for everyone in the organization. Leadership development is a form of life-long learning.
4. **Lead by walking around:** Leadership begins and ends with relationships. Connecting with key players in a personal way helps gain commitment and energizes employees to develop shared aspirations.
5. **Guide by providing and seeking constructive feedback:** Let go in the doing but never in the guiding. Being aware of yourself and how you affect everyone around you is essential for effective communication.

IRS Audits: What Could They Mean for Unrelated Business Income?

An IRS audit could happen when you least expect it.

By Laura Kalick

Most exempt organizations are well aware that the IRS conducts random audits. But it's important to realize that, in light of its limited resources, particularly for the Exempt Organizations Division, the IRS is increasingly focusing its examinations on areas it believes will yield a high return for its efforts.

When it comes to exempt organizations, the area that comes to mind is unrelated business income (UBI). For a recent example, look no further than the IRS College and University Compliance Project, in which the IRS examined approximately 40 colleges and universities and disallowed more than $170 million in losses and net operating losses (NOLs) due to errors in computation or substantiation of NOLs, lack of profit motive, improper expense allocations, and unrelated activities that were classified as exempt or excluded. Nonprofits engaging in unrelated activities risk facing an IRS audit and having past NOLs disallowed, which can result in a substantial retroactive tax burden.

With that in mind, in order to mitigate your risks, you should consider the following precautions when allocating expenses and using NOLs from unrelated business activity.

Defining Unrelated Business Income

The IRS has established certain analytic metrics to identify where there may be issues. The first page of the Form 990 reveals how much gross unrelated business income an organization has and the net amount of unrelated business taxable income reported on Form 990-T. To note, when organizations have had substantial gross UBI but no taxable income for three years, they may have a greater chance of being selected for an IRS examination. The biggest concerns are whether expenses being used to offset unrelated business income are properly allocated to that income, and whether the activity generating the expenses even fits the definition of a trade or business, which depends on whether there was a profit motive when conducting the activity.

> "It's a typical tactic for the IRS to disallow expense deductions from an unprofitable activity."

With regard to the allocation of expenses, page 9 of Form 990 provides a road map for the allocation of expenses, helping organizations characterize revenue as related, unrelated, or excluded. To claim unrelated trade or business income, the activity generating the income must pass a three-part test:

1. **The activity must not be substantially related** to the exempt purpose of the organization;
2. **The activity must be a trade** or business; and
3. **The activity must be carried on** regularly.

If a single activity is listed in both the related and unrelated columns, the IRS assesses whether the corresponding expenses are being allocated on a reasonable basis. Expenses related to an organization's mission cannot be used to offset unrelated business income. If personnel or facilities are used for both related and unrelated activities, a reasonable allocation must be made. Historically, this case-by-case assessment process has proved troublesome, and the IRS has begun work to smooth out issues and promote consistency. In fact, in its Priority Guidance Plan, the IRS indicates it plans to work on methods of allocating expenses relating to dual use facilities.

Where's the Profit Motive?

Profit motive is a key piece in defining an unrelated activity as a trade or business and determining whether net expenses from that activity are available to offset income from another unrelated trade or business. When considering an activity that generates losses year after year with no net income, the IRS and the courts have historically asserted that such activity is being conducted without motive to generate profit, and therefore can't be considered a trade or business. Consequently, an organization can't use the losses from such activities to offset the income from a profitable unrelated trade or business.

If such activities are determined to be without a profit motive, the IRS can disallow or "throw out" the losses, requiring an organization to pay up. In fact, it's a typical tactic for the IRS to disallow expense deductions from an unprofitable activity, even though the net operating losses may have been generated years ago. Such a verdict could pose significant unanticipated tax costs to an organization, and nonprofits should take steps to minimize the possibility of disallowed expense deductions. Note that the rule for NOLs is that they can be carried back to the two prior tax years to offset income from those years. Or, they can be carried forward for 20 years.

Document, Document, Document!

When undergoing an audit, an organization must provide sufficient documentation proving the profit motive of the activity in question. While the IRS's general rule is to assess only the open tax years, when assessing whether an NOL is legitimate, the IRS can review taxes back to the year the loss was generated, even if this means going back 20 years.

To prepare for the possibility of an IRS audit, you should carefully track and document losses and expenses from all UBI activities. Specifically, you should keep and file old tax returns and all related calculations, as well as allocations, memos, and agreements.

Recently, Congress has weighed in on the issue of using net operating losses from one activity to offset income from another activity. In fact, a provision of the Draft Tax Reform Act of 2014 would not allow losses from one UBI activity to offset the gains of another UBI activity.

Does your nonprofit conduct any unrelated business activity? If so, be sure to put practices in place to prepare for a potential IRS audit.

Laura Kalick, JD, LLM in Tax (lkalick@bdo.com), is National Nonprofit Tax Consulting director and writes for the Nonprofit Standard blog (Nonprofitblog.bdo.com), from which this article is adapted.

For more, see these articles at NonprofitWorld,org:

UBIT: What It Is & How to Avoid It (Vol. 13, No. 4)

Are Your Activities Safe from UBIT? (Vol. 16, No. 5)

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

Staffing Strategies in Light of the New Overtime Rules

You can satisfy the new rules and still keep costs low. Here are some ways.

By Michelle Johnson

New rules on overtime will likely affect many nonprofits. When these regulations take effect on December 1, 2016, many employees who are classified as salaried exempt will no longer pass the test and will become non-exempt under the Fair Labor Standards Act (FLSA). As exempt employees, they aren't entitled to overtime pay, no matter how many hours they work. But when they become non-exempt, they will be entitled to overtime pay. Employers will have to pay them one-and-a-half times their regular rate of pay when they work more than 40 hours in a week.

This change will affect an estimated five million employees who earn more than $23,600 but less than $47,476 per year – a common salary range in the nonprofit sector. With the new rules, the salary threshold for executive, administrative, and professional employees will increase from $455 per week ($23,600 per year) to $913 per week ($47,476 per year). The minimum salary threshold for "highly compensated employees" will increase from $100,000 to $134,004 per year.[1] The minimum thresholds are set at the 40th and 90th percentile of weekly earnings for full-time salaried workers, and will be updated every three years with the first increase to occur on January 1, 2020. For the first time, employers may receive credit for up to 10% of non-discretionary bonuses, commissions, and incentive payments towards the minimum salary amount.[2]

During the proposal comment period, many nonprofits objected to these salary changes. Paying overtime to workers who were previously exempt from the overtime rules, they argued, would strain their budgets and force them to cut back on their work.

Fortunately, there are a number of strategies that nonprofit employers may use to satisfy the new guidelines while keeping costs within budget. Here are four ways to do so:

1 Increase Salaries to the New Minimum.

If an exempt employee who works more than 40 hours per week already earns around $45,000, an easy fix would be to raise her salary to the new annual minimum ($47,476). The salary increase may be offset by a decreased bonus or reduction in benefits so that the employee still earns roughly the same amount. She will remain free from timekeeping requirements and will collect the same salary each week, regardless of hours worked.

Nonprofit executives such as program directors, marketing directors, and development directors may work long hours, including some nights and weekends. Increasing such employees' wages by a few thousand dollars a year may be the simplest way to meet the new FLSA requirements while maintaining flexibility as to hours worked.

Salaried employees who no longer meet the salary test for exemption must keep track of their time.

Newly non-exempt salaried employees will be required to record their hours worked. They may punch time clocks, fill out time sheets, use a computer program, or any other method that accurately tracks hours worked. While this may initially seem inconvenient or awkward, requiring non-exempt employees to keep track of their time will be essential in protecting against overtime claims.

Formerly salaried employees may be paid an hourly rate.

Employers may convert some formerly salaried exempt employees to hourly workers. They will earn an hourly rate for up to 40 hours each week, and time-and-a-half for hours worked over 40. To manage costs, employees should be required to obtain prior approval for overtime hours.

If a job consistently requires more than 40 hours per week, the duties may be split between two part-time hourly employees. Fifty or 60 hours divided between two people will be far less costly than 10 to 20 hours of weekly overtime.

2 Limit Overtime by Reorganizing Workloads.

Employers aren't required to pay non-exempt employees by the hour. There are several options for salaried non-exempt employees, depending on the employee's weekly schedule and the amount of overtime that is anticipated.

The first option is to pay a salary that covers 40 hours per week with the understanding that overtime will rarely if ever be needed. If the job can be performed in a 40-hour week, the salaried non-exempt employee will continue to receive the same salary and won't work overtime (as proven by time records). If overtime is needed on occasion, the employee's salary will cover the first 40 hours, and the employee will be paid time-and-a-half for overtime hours.

[1] Highly compensated employees who meet the new salary threshold will be exempt if their primary duty includes performing office or non-manual work, and the employee customarily and regularly performs at least one of the exempt duties or responsibilities of an exempt executive, administrative, or professional employee. As a practical matter, employees who are paid as much as $134,004 per year will rarely if ever fail this minimal duties test.

[2] Nondiscretionary bonuses and incentive payments may be tied to productivity and profitability, and must be paid at least quarterly.

A second option is to pay salary for a set number of hours that may be more than 40 per week, and overtime on top of the salary. For example, an employee may receive a salary with the expectation that he will work 50 hours per week. The salary will cover straight time for the first 50 hours, and he will be entitled to an additional "half time" overtime for the hours over 40. Overtime is "half time" instead of "time-and-a-half" because the employee's salary has already paid his regular rate for all hours worked.

A third option for salaried non-exempt employees whose hours vary from week to week is a "flexible work week" (FWW) schedule. Employees who work FWW receive the same base salary each week, whether they work 30, 40, 50, or more hours. Their *hourly rate*, however, varies each week depending on the number of hours worked. Their salary covers straight time pay for all hours. If they work more than 40 hours, they receive another half times their hourly rate as overtime compensation. For example, an employee earning $400 per week who worked 40 hours would receive $10 per hour straight time. If she worked 50 hours, she would receive $8 per hour straight time. She would also earn an additional $4 per hour for 10 hours of overtime, for a total of $440. If this same employee were paid time-and-a-half after 40 hours, she would be due $150 in overtime, for a total of $550. The disadvantage of the FWW method is that it requires that an employee's hourly rate be calculated every week she works overtime, and can be inconvenient to administer.

3 Decrease Wages to Account for Overtime.

While reductions in wages may negatively impact employee morale, recruiting, and retention, it is permissible to reduce an employee's base salary to account for anticipated overtime payments. For example, if a formerly exempt employee works 50 hours per week for $39,000 per year, she earns $750 per week and $15 per hour straight time. If she must be paid overtime for 10 hours per week, her employer could reduce her salary to $660 per week, with the understanding that the $660 is intended as straight time for all 50 hours, or $13.20 per hour. The employer could then pay an extra half time of $66 for the 10 overtime hours, for a total of $726 per week. While the employee would be working the same number of hours and being paid overtime, she would actually earn less due to the reduction in her regular hourly rate.

Note the limits on "compensatory time."

Private employers (including nonprofits) aren't permitted to avoid paying overtime by "banking" hours for time off in a subsequent pay period. But there are two limited exceptions to this rule against "compensatory time." First, employees who take time off in the same workweek will avoid overtime. If an employee has already worked 40 hours by Thursday, she may be given Friday off. This is the easiest way to prevent overtime costs—simply ask employees who have worked 40 hours to go home for the week. Any remaining tasks may be performed by other employees who haven't worked as many hours that week, or by exempt employees who aren't entitled to overtime.

One other option is a "time off" plan where an employee who works overtime hours in the first week of a pay period may take time off the next week (calculated at time-and-a-half) so that her total compensation doesn't change. For example, an employee who earns $10 per hour and works five overtime hours in week one of the pay period would be entitled to $75 in overtime compensation. If he is given 7.5 hours off in week two (1.5 times five hours), he would still earn $800 for the two-week pay period ($475 plus $325).

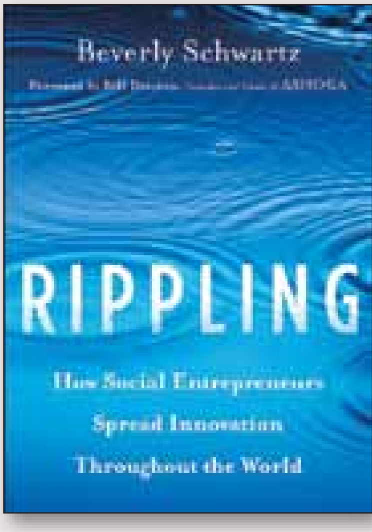
4 Use Volunteers.

Finally, nonprofits may use volunteers as long as they meet FLSA's volunteer requirements. These requirements state that volunteers must serve on a part-time basis and mustn't displace employees or perform work that would otherwise be performed by employees. The types of work that may be performed by volunteers include driving vehicles, collecting donations, soliciting contributions, providing child care assistance, acting as camp counselors, planning and working at special events, and other tasks that are done freely and without compensation.

A nonprofit's employees may also provide volunteer services so long as they are truly voluntary, are provided outside the employee's normal work hours, and are different from the employee's regular duties. It is *not* permissible for employees to "volunteer" overtime hours in order to finish their regular work.

Michelle Johnson (michelle.johnson@nelsonmullins.com) is a partner at Nelson Mullins Riley & Scarborough LLP in Atlanta who practices in the areas of labor and employment law, business litigation, consumer financial services litigation, and appellate work.

The Ripple Effect of Social Entrepreneurs



Social entrepreneurs are changemakers who confront issues undaunted by the way things are. Beginning with a clear picture of an end goal, they rethink solutions and restructure old patterns into new, socially beneficial norms of practice. They're what we often call visionaries.

In *Rippling: How Social Entrepreneurs Spread Innovation throughout the World* (published by Jossey-Bass, josseybass.com), Beverly Schwartz defines social entrepreneurs as those who develop "an organization or business based on a value proposition that delivers action on behalf of others." In her book extolling social entrepreneurship, she reports on 18 Ashoka Fellows whose entrepreneurship rippled through society by influencing others.

These social entrepreneurs were able to spread sustainable change by shifting the frames in which problems were viewed, setting off waves of transformation. According to Schwartz, they had four common traits – purpose, passion, pattern, and participation.

Purpose and passion are personal drives. Participation means they inspired others. Pattern means understanding social systems in order to shift them toward problem solving.

To Schwartz, social entrepreneurship is about bringing new business opportunities into a theater of solutions, and about enabling participation in emerging new systems. She hopes the stories she tells will have a rippling effect by inspiring others to become social entrepreneurs and changemakers.

Here are some ways (adapted from the book) to think like a social entrepreneur:

- **Put your ideas and self out there.** Ask for feedback. Use people's suggestions to improve your idea. Share the idea again. Repeat the process till the actions you need to take are clarified in your own mind.
- **When looking for collaborators, start at the top,** working with the best people you can find.
- **Learn to observe** before taking sides or forming conclusions. Look for ways to implement strategies that are win-win situations for all.
- **Keep things moving.** Forge ahead boldly in the face of uncertainty.
- **Aspire to the highest level of change** you are able to tackle. Have a "nothing is impossible" attitude. Don't see problems, only solutions.

—reviewed by Terrence Fernsler

Donations Hit Record-Breaking High

Charitable giving rose by 4.1% last year, hitting a record high for the second year in a row, for a total of $373.25 billion, according to *Giving USA 2016: The Annual Report on Philanthropy for the Year 2015* (givingusa.org).

Here's a breakdown by source of giving:

- **As in previous years, individuals** were the greatest source of all giving, generating 71% of donations and accounting for $264.58 billion. That's 3.8% higher than 2014.
- **Foundation giving** stood at $58.46 billion, an increase of 6.5%.
- **Charitable bequests** accounted for $31.76 billion, which was 2.1% higher than 2014.
- **Corporate giving** stood at $18.45 billion, an increase of 3.9%.

Melissa Brown of Giving USA noted that the category of "human services" ranked third in the amount of charitable donations received – the first time this category has ranked that high. That could be because there's still such need among nonprofits that help people who are still recovering from the recession, she said. But it also could be because human services nonprofits have gotten so much better at soliciting donations.

Here's the breakdown in amount of donations received:

- **Religion** got $119.30 billion, an increase of 2.77%.
- **Education giving** increased to $57.48 billion, 8.9% higher than the previous year.
- **Human services** received $45.21 billion, a 4.2% increase.
- **Money contributed to foundations** decreased to an estimated $42.26 billion, a 3.8% decline.
- **Health nonprofits** got $29.81 billion, just 1.3% more than in 2014.
- **Public-society benefit**, a category that includes combined funds such as United Way and Jewish Federation campaigns, got $26.95 billion. That's an increase of 6%.
- **Arts/culture/humanities** received an estimated $17.07 billion, a 7% increase.
- **International affairs** saw the biggest percentage increase. The estimated $15.75 billion was 17.5% higher than in 2014.
- **Environment/animals** got $10.68 billion, up 6.2%.

"Studies show at least 60 percent of American households give to charity regularly. That's more than vote. That's more than read a daily newspaper," said Brown. "When people in other countries hear about it, they're astounded. It's very distinctive."

The Art of Continuous Disruption

In *Innovation Strategy* (published by Iuniverse, iuniverse.com), Howard Rasheed describes keys to creative leadership:

- **Anticipate a future of disruption.** Ask yourself: What disruptions have impacted your organization in the past 10 years? What were their causes? What trends will contribute to future disruptions? What do you think the next disruption will be?
- **Intentionally create disruption.** Take a systematic approach to exploring opportunities and acting on them. Rather than waiting for disruption to occur, accelerate innovation to keep ahead of the curve.
- **Inspire creative intelligence.** Serve as a pollinator of creativity among your stakeholders. Encourage individual creativity, which will evolve into a collective intelligence system.
- **Cultivate an innovation ecosystem.** Stimulate the creative intelligence of your stakeholders by creating a culture of new ideas. Encourage people to bring in ideas from many dissimilar fields and restructure them into new knowledge helpful to your markets.
- **Engage with collaborative technology.** Use models such as these:
  - ***crowdsourcing,*** in which you broadcast an open call for solutions to your problems
  - ***crowdfunding,*** which provides an online portal for raising funds
  - ***group support systems,*** which support people engaged in a common task and provide an interface to a shared environment.
  - ***electronic brainstorming systems.*** which allow people to interact, exchange ideas, identify solutions, and achieve consensus expeditiously.
- **Make innovation viral.** Ensure that innovation isn't an isolated event but an epidemic of positive change. While a viral campaign can be delivered by word of mouth, today it can spread much faster via the Internet. Take full advantage of online networks to spread your message and share information.

Let's Not Call It Diversity Training

You've read a lot about the importance of diversity in the workforce and board room. You've probably also heard that many diversity programs don't work (take a look, for example, at "The Failure of Diversity Training," *Nonprofit World*, Vol. 18, No. 3, NonprofitWorld.org).

But what does work? What can you do to take advantage of the vital perspectives diversity offers?

In *Redirect* (Little, Brown & Co., littlebrown.com), Timothy D. Wilson provides answers based on extensive research into what works, what doesn't, and why. As he notes, rigorous testing finds that most diversity-training techniques are ineffective.

What separates programs that work from those that don't? One thing stands out: Effective programs increase contact between diverse groups. Bringing people together under the right conditions is the best way to solidify bonds between them so that they can learn from each other.

While we can't force people to hang out with those who are different from them, we can create as many opportunities as possible for them to do so. Using cooperative learning techniques, we can ask them to work together to solve problems and reach goals that are important to all of them. We can provide exercises to help people get to know one another better and see each person as a unique individual, thus breaking down stereotypes.

Creating teams with members of many diverse groups – in terms of age, race, gender, background, and so on – offers the perfect environment for diversity training. It's better if we don't call it by that name but, instead, let an appreciation for diversity come naturally as people work together toward common goals.

Solving Complex Problems

Applying systems thinking to nonprofit operations can be difficult while struggling to meet the demands of day-to-day activities. Conventional thinking is easier: Divide work into separate disciplines, optimize each, and problems will be resolved. Yet such linear thinking doesn't always work. To solve complex problems, you must understand how system elements interact and shift over time.

In *Systems Thinking for Social Change* (chelseagreen.com), David Peter Stroh suggests simplifying systems thinking into a four-stage process:

- **Ask stakeholders** about their readiness for change.
- **Help them face current reality** and their responsibility for having created it.
- **Help them make an explicit decision** about what they want.
- **Work with them to bridge the gap** between the current reality and their desires.

If you're frustrated with progress on challenges and truly wish to unravel them, you'll want to read this book. It can help you transform assumptions that keep you from resolving long-term, sticky problems. It will show you how to recognize unintended consequences, strengthen the networking necessary for meaningful progress, and discover the merits of patience to reach long-lasting solutions.

—reviewed by Terrence Fernsler

Do You Have a Plan A? Three Steps to the Future

Having a Plan A means understanding the leadership skills you'll need to achieve your strategic goals. A survey by Bridgespan (bridgespan.org) found that only 30% of nonprofit respondents had such a plan.

Here are three key steps (adapted from Bridgespan's *Plan A: How Successful Nonprofits Develop Their Future Leaders*) to develop such a road map:

1. Define the Leadership Capacities Needed to Fulfill Your Organization's Mission.

Ask yourself:

- ***What will your organization's priorities be*** during the next three to five years?
- ***What organizational capabilities will be required*** to achieve those priorities?
- ***Which leadership roles*** will help achieve those priorities?
- ***What skills and competencies are critical*** for these roles?

2. Assess Your Staff's Potential to Lead.

Decide whether your staff members have the potential to move into the necessary leadership roles. Consider how you can help them develop that potential. Move slowly but surely into encouraging them to take on more responsibility.

3. Create Your Plan A for What Leadership Teams within the Organization Will Look Like in Three Years.

Given your future needs and current staff, are you likely to have the leaders you need when you need them? Can you meet your needs through internal development, and will you need to hire from outside the organization as well?

To answer those questions, prepare your Plan A for the next three years. Pull together the information gathered in steps 1 and 2 above to identify staff with the potential to move into critical leadership positions.

Envision the team you need. Identify those who are ready to step into leadership roles. Pinpoint the competencies other staff members need to develop so that they can assume leadership roles in a few years. Prepare a plan to help them reach those goals.

Be ready to revise your plan as things change. The revision process itself can be valuable. It may highlight development needs and reveal weak pipelines for certain roles. Having a vision in place will let you build the most effective leadership team possible.

Keys to Successful Social Enterprise

After decades working with social enterprises, Jerr Boschee (jerrsjournal@gmail.com) has gathered his greatest lessons in *Jerr's Journals: My Adventures in Social Enterprise*. The book contains 44 stories delivered in Jerr's informal style. Each story begins with an episode from his life or from the world around us and gradually becomes a cautionary tale for social enterprises. His book is free for *Nonprofit World* readers to download at socialent.org.

Funding Secrets You Need to Know

The author of *Winning Foundation Grants* (published by Emerson and Church, emersonandchurch.com), Martin Teitel, is a now-retired foundation official who has also had experience working for a grant-seeking organization. In this book, he provides tips and candidly addresses commonly-held beliefs about grants and the people who award them.

While each foundation is different, Teitel acknowledges the power differential and how it affects the relationship between funders and grantees. He gives advice about cultivating relationships with grant makers, including when not to try too hard.

His advice ranges from the letter of inquiry phase, to making presentations to funders, to follow-up after a grant ends. He includes tips about what raises red flags with funders, common mistakes in proposals, and other things not to do.

As he explains, there are many myths about foundations, most of which make the job of fundraising harder than it has to be. All these myths have grains of truth, which he explores.

One myth, for instance, is that "funders don't care." It's true, he says, that funders don't care as much as you do about your proposal. That's why you need to find out what they *do* care about – what their mission is – and align it with yours.

Teitel always explains why grant makers do the things they do. Sometimes it *is* because of the power difference or a sense of self-importance. When that's so, Teitel isn't afraid to call out foundations.

The book is designed to help grant seekers achieve greater success, including deciding whether this form of fundraising is worth their effort. Even when it is, Teitel points out that diversifying grant seeking – and diversifying the entire fundraising program – will build a more sustainable and effective organization.

From his many years of reading and judging proposals, Martin Teitel knows what to eliminate from your proposal. Here are a few of his emphatic don'ts:

- **Never claim** to be unique.
- **Don't rely** on spell-check or the purported ability of spreadsheet programs to add up figures.
- **Never criticize** the competition.
- **Avoid** jokes, sarcasm, slang, and jargon.
- **Don't use** colored paper – or scented cover letters (yes, it has happened).

–reviewed by Terrence Fernsler

Earn A Certificate in Nonprofit Leadership & Management

- Learn online at your own pace
- Earn 4.8 CEU / 48 CAE credits
- Certificate from Michigan State University (Dean's Office)
- Discounted for Society members
- The Learning Institute is a program of the Society for Nonprofits

snpo.org/certificate

The Learning Institute
For Nonprofit Organizations

The Society for Nonprofit Organizations
P.O. Box 510354
Livonia, Michigan 48151