

volume 34 • number 4

# Nonprofit World

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## What's Your Color?

This quick quiz can revolutionize  
your relationships.

### INSIDE:

- **New Rule Will Change the Way You Report Your Contracts**
- **What's the Trick to Writing E-Mail Fundraising Letters?**
- **Planning the Board Orientation: 12 Key Messages**
- **Ignite Passion by Connecting Online**
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**FEATURE STORY** People's personalities are so wonderful in their diversity that, if we assigned them colors, we would create a glorious rainbow. Understanding and appreciating the beauty of people's differences is what forming relationships is all about. And relationships are at the heart of your work as a nonprofit leader. Begin with the color test described in "What's Your Color?" on page 16.

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

# Free Yourself from the Curse of Knowledge

**M**any leaders suffer from the curse of knowledge. This affliction, also known as the plague of certainty, limits their effectiveness. They know so much about their cause that they make a number of unwarranted assumptions. They assume that others know about their cause, too, and feel the same way they do. They can't imagine anyone seeing their organization from a different perspective. So they speak as if everyone knows what they're talking about and is on the same wave length. They don't bother to frame what they say in a way that will resonate with their audience.

And yet nothing in communication is as important as the way we frame it. A Stanford University study ("Metaphors We Think With") shows the enormous power of frames (mental structures that shape the way people view the world). Researchers presented the same crime statistics to two groups. The only difference was that one page of facts began with a statement that "crime is a wild beast" preying on the city, while the other stated that "crime is a virus" infecting the city.

The researchers then asked both groups to come up with a solution to the crime problem. The results were dramatic. Of those who saw crime through the wild-beast frame, 74% proposed a law enforcement answer, such as arresting more criminals and building more jails. Only 56% of the other group suggested such solutions. Those who received the virus frame were twice as likely to broach ideas involving reform, such as exploring root causes, investing in education, and eliminating poverty.

When asked why they made the choices they did, the research subjects cited evidence to bolster their conclusions. But, clearly, the facts weren't what persuaded them, since both groups had exactly the same data yet saw things from very different viewpoints.

As this study shows, triggering a frame determines the meaning of all that follows. Don't assume you can win people over with facts. Statistics won't persuade unless you've already created a frame of reference that draws people in. If you give information and then provide a framing statement at the end, it may be too late. The audience may have already provided their own frame, and your message will never get through. (Take a look at "Frame the World for Those Who Matter" on page 32.)

The Stanford experiment also highlights the force of metaphor in shaping the way people see the world. Metaphors are phrases (crime as a "beast" or a "virus") that stand in for something much greater than the words' literal meaning. They connect with people emotionally. (Check out "Use the Power of Metaphors" on page 33.)

“Nothing in communication is as important as the way we frame it.”



Effective leaders know that emotion is at the heart of communication. They understand what matters to people and speak in ways that resonate with them. That's one of the reasons introverts can make such excellent leaders (find out more at "Use Your Introvert Skills to Advantage," page 34).

"A Communication Checklist to Engage People" (page 32) underscores the importance of taking control of the communication agenda. "Reflecting on Your Cultural Worldviews" (page 33) and "Let Diversity Expand Your Circle of Givers" (page 32) show how to enlarge the conversation to include everyone. That's how you inspire trust and confidence.

Reframing can also work wonders in shaping productive relationships with your staff, board members, colleagues, and collaborators. "What's Your Color?" (page 16), "A Different Kind of Assessment: Test your Leadership" (page 25), and "Reinvent Yourself" (page 31) offer quick activities that can help you frame yourself and others in new ways.

*Jill Muehrcke*

Jill Muehrcke, [muehrcke@charter.net](mailto:muehrcke@charter.net)

## Four Things to Do Next Monday

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

- 1. Take the test** described in "What's Your Color?" (page 16). Ask others in your organization to take it too. Plan a time to get together and discuss the results.
- 2. Look at yourself and your challenges in a new way** by doing the exercises in "Reinvent Yourself" (page 31).
- 3. Use the tips** on pages 6-7 to be sure you're turning visitors to your website into passionate supporters for your organization.
- 4. Start preparing for the new accounting rule** (detailed in the article on page 28) by taking a look at your revenue streams and contracts.

## Are Pro Bono Services Deductible?

Can professionals deduct the contribution of their services?

**Q** I am the treasurer of a registered 501(c)(3) charitable nonprofit corporation and have taken it upon myself to recruit pro bono services for things such as donation of a website design and bands willing to donate their time and talents for fundraising purposes. Is it legal to give these people tax-deduction forms for their donated services?

**A** You should definitely thank them and acknowledge their gifts, but you should not suggest that their contributions

are deductible. The IRS doesn't allow anyone to deduct gifts of service or use of facilities.

Recognize these generous people on your website, in your annual report, at your fundraising events, and anywhere else you think would be appropriate. But don't get them into trouble with the IRS by encouraging them to claim a deduction they're not entitled to claim.

*Don Kramer  
Nonprofit Issues  
NonprofitIssues.com*

## What's the Trick to Writing E-Mail Fundraising Letters?

Does e-mail fundraising differ from printed mail? If so, how?

**Q** I know that people read things differently on the screen than they do with a print letter. How do I write my e-fundraising request to my membership list?

**A** Here are some of the most important rules to follow when writing an e-mail appeal:

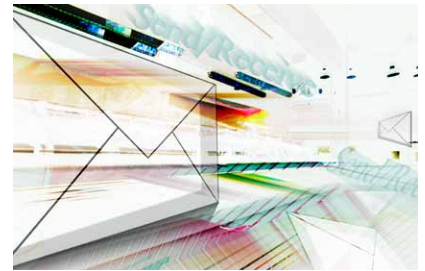
**Write an intriguing, eye-catching subject line.** You'll have only a few seconds to grab attention.

**Make sure the message is timely and urgent.** If it's not, it's all too easy for the reader to delete it.

**Pay attention to the sender's name and e-mail address.** Ideally, use the name of an individual who's well-known to the recipients. Stay away from confusing-sounding technical or institutional addresses.

**Write in a casual, conversational style.** Online communication is much less formal than what's written on paper. Keep your language clear and expressive.

“White space is even more important onscreen than it is on paper.”



**Personalize the copy as much as possible.** At a minimum, start off with a personal salutation (“Dear Leslie”). Think through very carefully who you're writing, and why. For example, it would be a mistake to ask a \$1,000 donor for a \$25 gift online.

**Keep it short.** Avoid long, dense paragraphs. White space is even more important onscreen than it is on paper. If you have a lot of background material on the issue or project about which you're writing, upload it onto your website and include a link for readers to check it out.

**To accept donations, point the recipient to a dedicated page on your website – one that's devoted exclusively to the current appeal.** This will let you track results without fuss. It will also give you a chance to repeat the appeal's marketing concept on your site.


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

Also see these articles at [NonprofitWorld.org](http://NonprofitWorld.org):

**Get People to Reply to Your E-Mails: Here's How** (Vol. 30, No. 4)

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

**15 Tips to Optimize Your E-Mail Messages** (Vol. 24, No. 3)



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## 2 Two Big Questions about You

We all need help now and then with dialing into ourselves. A special kind of listening is a big help.

*Max T. Russell*

**F**rom time to time we all wonder, from a business point of view: Who am I at this point in life and what should I be doing? Those two questions can be amazingly difficult to answer. They're really about identity and desire.

I've spent most of my life interviewing people and writing up their stories for a variety of purposes. Sometimes people tell me, "Oh, I have a boring story." I tell them to let me decide. And, of course, I always prove them wrong, which is a pleasant surprise to them.

Keeping track of our identity and desire is crucial to our effectiveness as leaders and business people. One woman asked me to help her zero in on an entrepreneurial idea brewing in her head. She said everyone who'd heard the idea was impressed. I gave her two minutes to impress me and then interrupted:

"Robin, you're not making sense."

"I know," she said. "That's why I wanted to talk to you."

It turned out that something unresolved was blocking her thinking. I asked her to continue explaining what she wanted to do and why. With her permission, I occasionally interrupted to probe for more information.

Within another few minutes, we got to the bottom of it. Robin had lost a baby girl 41 years earlier. She thought she'd dealt with all the pain in her life, but now she was in tears, describing how her mother took the stillborn child immediately and arranged for cremation.

It's easy to feel so sure about who we are and what we want that we slam the door on discovering the truth about ourselves. Robin was blown away by how one conversation could uncover such an important part of her life.

You can make similar discoveries. Find someone you trust, and ask them to listen to your plans. Give that person permission to interrupt when they see a flaw or gap in

**“You're not always an authority on who you are and what you want.”**

your reasoning. You'll start to hear what you sound like to others – and where your thinking is incomplete. That's one of the most important tips about identity and desire. You're not always an authority on who you are and what you want. Welcome the interruptions – and the new perspectives.

You can use the same technique to help others sort out their ideas. It's a matter of listening deeply and interrupting judiciously. Listen for places where you can ask such questions as: Why? What do you mean? Are you sure? Can you tell me more?

What happened to Robin's business idea? She dropped it and started writing a book about the pain that defined her in ways she hadn't realized. The discovery process led her to launch a healing outreach to other suffering parents. That, it turns out, is what Robin really, truly wants to do.

You may not unearth anything as dramatic as Robin did. But we all have unconscious obstacles that can be teased out with a little help. Once you've dealt with the fundamentals of identity and desire, you'll be better able to speak as clear as a bell about your outreach, organization, and future plans. **S**



*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.*

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# Ignite Passion by Connecting Online

Find personal ways to build online relationships.

By Jason Buys

**W**hat makes people dedicated, loyal, and passionate about a cause? Feeling connected to the people in a community and engaged with their progress.

While it's easy to get that connection in person, whether through staff, volunteers, or events, it's not always so easy to evoke online. Yet it's equally – if not more – important that your online presence ignites that same fire.

In fact, when done right, your website can be the single greatest tool in your arsenal for gathering donations and recruiting volunteers. Here's what you need to know to make it work for you:

## 1. Your website is the front door.

Your website is your digital entryway, dictating the next action of those who arrive there. Invite them in with these tips:

**Create a clean, fresh design.** Looks matter. Modern, simple designs and layouts call attention to your mission and story.

**Use clear, concise messaging.** You have approximately 0.5 seconds before users form an opinion of your site. Tell your organization's story with brief, impactful content. Use messages that reflect your mission and have resonated with donors and volunteers in the past.

**Make navigation simple.** Your site should have a plethora of resources about your organization. Make it easy to find them. Confusing navigation is the top reason a visitor will leave your site.

**Make it responsive.** Optimize copy and imagery for faster performance across all desktop and mobile devices so visitors can learn about your cause on the go.

Connection is key – and your chance to make one is short-lived online. Tell your story and offer ways for your visitors to engage from the start, and you'll build the foundation for an ongoing relationship.

“Include social media buttons on every page.”



## 2. Blogging leads to 55% more website visitors.

The odds of converting visitors into donors and volunteers greatly improve when you increase the amount of traffic landing on your site. And according to a study done by HubSpot, blogging leads to 55% more website visitors. Of course, you have to make sure those visitors are qualified. Here's how:

**Educate.** While the rest of your site content remains relatively static, your blog is your opportunity to tailor content to what your potential donors and volunteers need to know. Make the information you choose to share relevant, informative, and consistently updated so that visitors have a reason to return. The qualified ones will.

**Engage.** Your brand has a voice. Use it. Speaking in your brand's unique voice will naturally attract the types of donors and volunteers you want to work with. That attraction is the first step of engagement; action is the second. Make posts not only educational, but actionable. Strong calls to action will empower readers to make a move.

**Go deeper.** Ever fall down the rabbit hole of great content on a site you love? Make it *your* site that encourages others to do the same. Organize your blog posts by relevant categories, and add related posts at the end of each article to entice them to keep reading.

Your blog is a social platform that you have complete control over – use it wisely, and it will quickly become your best advocate in attracting donors and volunteers.

## 3. Getting social works.

When you integrate your social media feeds into your website, you give visitors an opportunity to see how you connect in other environments. Here are a few best practices for integrating social on your website:

**Make social media buttons visible.** Include them on the homepage and on the footer of every page, at the very least.

**Enable social sharing.** Make it easy for visitors to share your blog posts via their choice of social media platform with easy social sharing buttons.

**Optimize content for social.** When people do choose to share your content, make it attractive. Enable Open

“With even just a bit of promotion, the potential is unlimited.”

Graph and Twitter Cards to allow images to accompany your social shares.

Integrating social media will empower your advocates to spread your mission and message for you.

#### 4. Creating an experience for donors keeps them coming back.

There's a common theme in making your nonprofit website work for you: Make it easy for the visitor, from clean design and easy navigation to simple sharing. The same theme applies to collecting donations – when you create a positive experience for donors by optimizing the donor page on your website, you keep them coming back. Here's how to do just that:

**Show where the money is going.** Give donors clarity in exactly how their donation will be put to work. They want to know the difference their dollars will make before they open their wallets. Steal a play from the San Diego Humane Society or the San Diego Zoo – they show a live feed of the kittens they're currently housing and the pandas hanging out.


**Simplify the process.** A simple snag in the checkout process can send a visitor packing. Keep the donation process simple, cutting out unnecessary steps and asking only for what's absolutely needed.

**Practice gratitude.** Sealing the positive experience means expressing exactly how grateful you are for the time your donor took to give. Do this through messaging both on the site and in a follow-up e-mail, where applicable. The

gratification donors feel after giving is amplified when they have a positive giving experience.

#### Connect supporters with your cause

Putting your website to work for you means connecting with visitors, inviting them in, creating a positive experience, and ultimately converting them into supporters for your cause.

Each new visitor you connect with is a chance to further your nonprofit's impact. What step will you take to put your website to work for you today? 

---

*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.*

“Tell stories that have resonated in the past.”

#### Form More Online Relationships

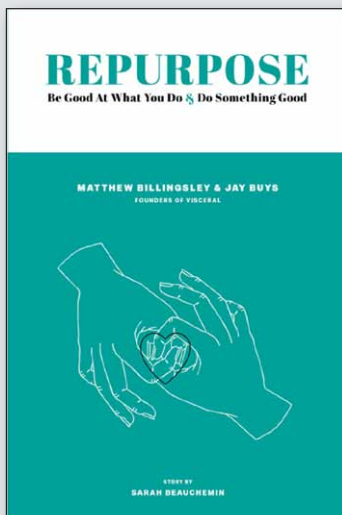
Check out these articles at [NonprofitWorld.org](http://NonprofitWorld.org):

**Why Telling the Right Brand Story Matters So Much** (Vol. 32, No. 3)

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

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

**Top Can't-Miss Resources for Nonprofits** (Vol. 34, No. 3)



In their new book, *Repurpose: Be Good At What You Do & Do Something Good*, Visceral co-founders Jay Buys and Matthew Billingsley share their candid story of all the ups and downs, missteps, victories, and lessons they've learned by running Visceral for 10 years. They explain why time is the new money, how to apply your passion, how the right path oftentimes finds you, and the art of sticking with something that matters in our culture of instant gratification. By helping nonprofits master technology and social networking, Visceral is dedicated to “shaping brands and experiences that inspire change.” Connect with Visceral at [thisisvisceral.com](http://thisisvisceral.com).

# Pitfalls to Avoid when Seeking Corporate Support

Steer clear of these errors if you want to enjoy corporate largesse.

By Yvette Lynne Bonaparte

**M**any nonprofit organizations receive generous, long-lasting support by creating partnerships with corporations. In return, these nonprofits help their corporate partners connect with causes, events, and audiences. Everyone agrees it's a win for both sectors. Yet, despite the advantages of collaborating with for-profits, nonprofit organizations receive only 10% of available corporate sponsorship dollars.<sup>1</sup>

To take advantage of this vast untapped opportunity, nonprofits need to refine their approaches. And that means bypassing six all-too-common mistakes.

## The Six Biggest Mistakes

### MISTAKE #1: FOCUSING ON ONLY ONE TYPE OF GOAL

When approaching corporations about a partnership, many nonprofit leaders talk only about goodwill goals and fail to discuss marketing objectives. Businesses do care about goodwill, but marketing comes first for them. Thus, it's crucial to emphasize both goodwill and marketing objectives when making your case to corporations. Here are some of the points to make:

**When you talk about goodwill goals** with corporations, explain how a partnership with you will:

- **enhance** the corporation's image
- **deepen** employee satisfaction
- **develop** social responsibility.

**When you discuss marketing objectives**, tell corporate leaders how you can help them:

- **reach** the company's target audiences
- **bolster** the corporation's brand
- **promote** the corporate name.

“Use stories to help corporate leaders understand nonprofit culture.”



The more you combine conversations about both types of goals, the more interested corporations will be in supporting you.

### MISTAKE #2: NARROWING YOUR REQUEST TO JUST ONE KIND OF GIVING

It's also important to understand the many types of corporate giving. Donating cash is only one way businesses can support nonprofits. They can also do some or all of the following:

**Give** in-kind contributions (such as furniture, computers, or auction prizes).

**Sponsor** nonprofit activities. Corporate sponsorship is a common way for nonprofits to initiate a partnership. For example, you might ask a business to sponsor your fundraising auction, and reciprocate by adding the company's name and logo to all your signage and materials promoting the auction.

**Ask** the company's employees to volunteer. Businesses can offer their employees paid hours to volunteer and perks such as extra time off, special recognition events for volunteers, and so on, thus providing your organization with new supporters.

**Create** a cause-marketing alliance, in which the company ties its product to your organization's cause. More and more corporate leaders realize that consumers are more apt to buy a company's products if they know the purchase will benefit a worthy cause. A business will often donate a certain percentage of its sales to a nonprofit during a specific period. It's good to remember that corporations are more likely to use cause marketing for a brand that's already established than for a brand they're just introducing.

**Provide** business skills — including personnel management, marketing, customer relations, and information systems. Corporate leaders are usually happy to share their knowledge, and it can make a huge difference to a nonprofit. For instance, leaders at Toyota have taken their sophisticated production expertise and helped nonprofits of many types improve their efficiencies. In Harlem, these business leaders

<sup>1</sup>“Boost Your Share of Corporate Sponsorships,” *Nonprofit World*, 29 (4).

## “Marketing goals come first for corporations.”

helped trim the wait at a soup kitchen from 1.5 hours to 18 minutes.<sup>2</sup>

### MISTAKE #3: IGNORING THE IMPORTANCE OF “FIT”

For your partnership to succeed, there must be a good fit between your organization and the corporation’s goals, mission, and image. When seeking a partner, peruse a variety of corporate websites and look for businesses whose customers are a compatible match with your donors.

Research shows that low-fit partnerships result in less favorable attitudes toward the corporation, generate fewer responses from the target audience, and do a poor job of raising consumer awareness. A bad match can also backfire for your organization if your supporters don’t feel an affinity for your corporate partner.<sup>3</sup>

### MISTAKE #4: ASSUMING THEY KNOW WHAT YOU KNOW

Another common misstep is to assume that for-profits understand nonprofit culture. The truth is that the two cultures are miles apart, and corporate leaders won’t understand your mindset unless you clarify it for them. Take it as your role to interpret the nonprofit world for everyone you meet in the corporate sector. What seems obvious to you, after working for years in the nonprofit sector and caring deeply about social causes, may well be opaque to them. Open up that world to them with stories and research that highlight the vital role nonprofits play.

For example, we in the nonprofit sector know that giving has major benefits not only for the recipients but for the givers themselves. But corporate leaders may need concrete evidence of that fact. Fortunately, plenty of research proves that people are happier when they give. Sophisticated imaging shows positive changes in people’s brains when they’re altruistic. If companies understood that they could help their employees become happier simply by encouraging them to donate time and money to nonprofits, everyone would win. Corporations can have a big impact on volunteerism, forming groups of employees who can volunteer together at various nonprofits and encouraging an influx of expertise to nonprofits that need it. Rather than focusing only on what corporations can do for you,

explain how creating such employee groups will benefit the corporation — improving staff morale, reducing turnover, and boosting productivity. That’s the kind of bottom line they’ll understand.

### MISTAKE #5: NOT LEARNING THEIR LANGUAGE

Just as the nonprofit culture tends to be a mystery to for-profits, their world may be unfamiliar to you. Ask business leaders on your board to teach you the language of big business. Get a feeling for corporate ways by scrutinizing company websites, and dig deeper to understand concepts that puzzle you.

When you meet with corporate leaders, ask lots of questions. Make it a give-and-take in which you share your different perspectives.

### MISTAKE #6: TAKING A SHORT-TERM VIEW

Too many nonprofits contact corporations only when they need a favor or an influx of cash. If you want a true partnership, you need to have a long-term attitude. Here are some ways to foster such a view:

**Get to know** the corporation’s strategic vision, and keep it in mind with everything you do.

**Monitor** what’s going on with your partner. Look for ways you might help or just connect. Send them a note, for example, if they show up in the news. Congratulate them whenever you hear of their achievements. If they have a blog, read it, “like” it, and comment on it.

**Keep in touch**, frequently sharing your plans, projects, successes, and ideas.

**Invite** them to events, meetings, banquets, and other gatherings — especially ones that involve your clients so that they can see the positive results of your organization’s work.

**Thank** them often. Show your deep appreciation.

**Follow** “the Platinum Rule”: Give more than you receive.

**Keep up** communication, regularly and consistently, over the long haul. Make it a relationship that lasts forever.

## The Best Tips to Follow

The following recommendations are gleaned from one nonprofit’s successful quest to gain corporate support.<sup>4</sup>

**1. Create a list of potential businesses** to approach for funding. To do so, review corporate websites to gain insight into each company’s marketing strategies. You can then leverage this information in your funding proposals. You’ll want to approach companies whose audiences, mission, and values mesh with those of your organization.

<sup>2</sup>As described by Nicholas D. Kristof and Sheryl Wudunn in *A Path Appears* (Alfred A. Knopf).

<sup>3</sup>“Sponsorship-Linked Marketing: Opening the Black Box,” *Journal of Advertising* (34).


<sup>4</sup>Yvette Bonaparte conducted this research to assist a health improvement center that targets African American women. Her recommendations are based on findings that helped the center add corporations as a new funding source.



“Corporate leaders are usually happy to share their knowledge.”

**Understand the potential partner’s budget cycle,** and ensure your request is timed appropriately.

**Illustrate your ability to set and achieve goals.** Create realistic plans, report your results, and do what you say you will.

**Develop a partnership in which there are shared goals,** common values, mutual understanding, and a long-term view of the relationship.<sup>5</sup> 

**2. Identify key messages that highlight the fit** between each company and your organization. Incorporate those messages into the communication materials you use to correspond with the company.

**3. Periodically review and apply** the following best-practice checklist:

#### BEST-PRACTICE CHECKLIST FOR APPROACHING CORPORATIONS:

**View corporations as partners,** not just as revenue sources.

**Learn everything you can** about each potential partner.

**Find and connect with a champion** within the corporation — someone who believes in your partnership and will work hard to be sure it succeeds. (Board members can be excellent allies in helping you identify and contact such a person.)

**Show your ability to help the corporation** with not only its goodwill goals but also its marketing objectives. Demonstrate an understanding of long-term corporate strategies.

**Leverage the opportunity for synergies** by targeting corporations with audiences similar to those of your organization.

**Make every attempt to connect with decision makers** within the corporation. Ask your board members for help in mining their contacts.

**Ensure your message and materials** are concise and relevant.

**Use stories and research** to help corporate leaders understand nonprofit culture.

**Be sure to explore all types of giving** with your corporate partners.

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<sup>5</sup> Adapted from “Twelve Steps to Non-Profit Sponsorship Success,” *Fund Raising Management*, 27 (3), and “Boost Your Share of Corporate Sponsorships,” *Nonprofit World*, 29 (4).

## Explore Corporate Giving in More Depth

These and other resources on fundraising, including the search for corporate support, are available at [NonprofitWorld.org](http://NonprofitWorld.org):

**Is a Cause-Related Partnership in Your Future?** (Vol. 32, No. 1)

**How to Target Corporations to Diversify Your Funding Mix** (Vol. 25, No. 1)

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

**Relationship Marketing: Guaranteeing the Future** (Vol. 14, No. 5)

**For Long-Term Stability, Look to Corporations** (Vol. 32, No. 4)

**How to Address the Funding Crisis? A Proven Option Lies Right Before Your Eyes** (Vol. 30, No. 3)

Also see Learning Institute programs on-line: Resource Development ([NonprofitWorld.org/li](http://NonprofitWorld.org/li)).

# Purging Misinformation, Hearsay, & Errors about Nonprofit Income

What are your organization's best sources of income? Even experienced nonprofit leaders often get the answers wrong.

By Karen Eber Davis



**A** lot of misinformation exists about nonprofit income. What do these misconceptions cost us? Plenty. Half-truths and errors about income lead many to spend inordinate amounts of resources chasing low-return opportunities, such as grants or donations from community leaders with full dance cards. Faulty information is at the heart of high development-director turnover rates. It prevails in the thinking of discouraged nonprofits who believe that nothing they do will provide adequate income.

If it's your goal to be a sustainable and ingenious nonprofit, start with facts. Help people challenge hearsay by asking for the whole story. Here are seven common fallacies to eradicate.

**We can get a grant for that.** Everyone hears large foundations being credited for support on PBS and other venues. They forget the conclusion of these messages, when the announcer thanks "viewers like you." Individual donors are the largest source of *donated* income. People get excited when they learn that 100,000 grant sources exist. They forget that those grants fund 1.7 million nonprofits in North America plus NGOs elsewhere. Is it possible that you're already receiving your fair share of grant income?

**The biggest source of nonprofit income is individual donations.** Mission-earned income, the sales of products and services related to your mission, provide the sector's largest revenue source. It's almost twice as large as individual donations, even including bequests.

**Bequests are best.** You know that bequests average \$70,000. They're lovely and available to all nonprofit leaders who consistently seek them (and who are willing to wait an average of seven years to see a harvest). But are they best? Not when you consider that a bequest is the final gift you'll get from that individual.


**People will fund your needs.** Donors and customers seek to obtain what *they* need. They provide nonprofits income to solve *their own personal* objectives – which, when you show them how your goals overlap, means resources for you. We're hardwired to help, but we do it to meet our personal needs.

“Faulty information is at the heart of high development-director turnover rates.”

**You can believe what the popular press writes about nonprofits.** A recent newspaper article lauded a nonprofit for netting \$25,000 on a new event that grossed \$100,000. But standard sector guidelines recommend net earnings of \$50,000 on a special event, so while the event raised funds, it's not a model to emulate. Large gifts make headlines, but the investment and back-stories remain untold. Most reporters have little depth of knowledge about the nonprofit sector.

**We'll have success just like them.** Maybe not. For individual donations, some groups – such as universities, hospitals, and the performing arts – start with superior advantages. They can create donor cultivation events whenever they open their doors. While all groups can benefit from seeking individual donations, some have a distinctly easier time filling their pipeline with potential donors.

**Low overhead is critical.** You often hear that a nonprofit's overhead is too high. But for many nonprofits, the opposite is true: Their overhead is too low, not too high. Except in the most egregious cases, it's meaningless to evaluate nonprofits by their overhead rates. It's imperative for nonprofits to make sure the public understands that message.

As a nonprofit insider, even if you get some questions wrong, you understand much about nonprofits and income generation. It's time to recognize what income confusion costs. Share the facts and stand your ground. 



*Karen Eber Davis (karen@kedconsult.com), an expert in maximizing philanthropic impact, is the author of 7 Nonprofit Income Streams: Open the Floodgates to Sustainability! Sign up for her free newsletter "Added Value" at kedconsult.com.*

# Planning the Board Orientation: 12 Key Messages

Don't neglect this all-important activity: orienting and training the board.

By Bob Harris

**T**oo many organizations give short shrift to board orientation. Considering the importance of orienting board members, this is a missed opportunity for seasoned leaders to share their knowledge.

Orientation isn't just a tour of the organization for new directors. The primary purpose is to share information and discuss governance.

## Hold an Orientation at Least Once a Year

Orientation should be conducted annually. An orientation can be held in as little as 90 minutes. Some groups schedule a half day or add team building activities for a day.

In addition to providing information, the orientation doubles as an opportunity to document that board members received governing documents and were briefed on policies such as confidentiality, antitrust avoidance, and conflicts of interest.

The importance of training is amplified by the IRS query on Form 990 about disclosing conflicts, as well as the FTC opinion that trade associations should have antitrust-avoidance measures in place. Noting such lessons in the minutes will bolster a defense if a director, employee, or the board as a whole comes under investigation for antitrust violations.

## Plan the Orientation with Care

Structure the orientation to cover four areas:

1. **information** about the organization
2. **director roles** and responsibilities
3. **risk** awareness
4. **strategic** direction.

“Develop a partnership in which there are shared goals.”

## Be Sure the Orientation Focuses on Governance


When communicating director responsibilities, emphasize these crucial governance concepts:

1. **Directors are trustees** responsible for the corporation, not just volunteers at a table.
2. **“Fiduciary duties” include more than finances.** They also refer to the legal principles of care, obedience, and loyalty.
3. **Directors should be intimate with the budget** and conversant about resources.
4. **Directors must read and understand all governing documents** (articles of incorporation, bylaws, and organizational policies).
5. **Volunteer immunity protects board members** if they work *within* the governing documents; D & O (Directors & Officers) liability insurance covers the board's legal defense.
6. **The board sets the direction;** staff implements the board's decisions. Board members must resist the urge to micromanage or insert themselves into staff members' work.
7. **Directors mustn't comment on staff performance;** their relationship with employees is through the executive director. Use an organizational chart to show channels of communication and lines of authority.
8. **The board doesn't do committee work** at the board table.
9. **Board liaisons attending committee meetings shouldn't usurp the authority** of the committee chair; staff liaisons to committees should be positioned as resources, not secretaries.
10. **The mission statement should frame** nearly every discussion.
11. **Board minutes aren't a newsletter for members but rather a document** to protect the board.
12. **The appropriate place for discourse** is inside the boardroom, not in the parking lot after the meeting or through an e-mail campaign initiated by an upset director.



## Remember Your Role in the Process

As the executive director, you need to be in charge of the orientation process. If you need help, rely on a lawyer, CPA, or executive experienced in orientation procedures.

Be sure the entire board participates in the orientation. The process imparts knowledge and protects the organization when documented through minutes and policy. It's one of the most useful activities you can perform with your board. 

*Bob Harris, CAE (bob@rhcae.com), provides tips and templates on governance at nonprofitcenter.com.*

## For More on the Governance Role

Check out these articles, available at NonprofitWorld.org:

**What Is the Board's Role in Managing Risk?** (Vol. 15, No. 5)

**Build a Team, Not Just a Board** (Vol. 31, No. 3)

**Navigating Tough Conflict of Interest Situations** (Vol. 27, No. 1)

**How Effective Is Your Board? Rate Yourself, & Take Action** (Vol. 32, No. 2)

**Do Your Board Members Know Their Fiduciary Responsibilities?** (Vol. 33, No. 1)

**How to Prepare Board Members to Govern Effectively** (Vol. 25, No. 6)

Also see Learning Institute programs on-line: Board Governance (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](mailto: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](http://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/](http://NonprofitWorld.org/social/)  
(free Yahoo login required)

or send a blank e-mail to:

[NonprofitWorld-subscribe@yahoogroups.com](mailto:NonprofitWorld-subscribe@yahoogroups.com)

If you have any questions, contact Jason Chmura at [jchmura@NonprofitWorld.org](mailto:jchmura@NonprofitWorld.org)

# Overtime Rule Delayed: What Does It Mean for You?

A nationwide injunction has delayed the new Department of Labor FLSA final rule. What to do now? Take these steps.

By Christine Lambrou Johnson & Scott J. Ward

**O**n November 23, a federal trial court judge in Texas issued a nationwide preliminary injunction delaying implementation of the Department of Labor's new rule regarding minimum wage and overtime requirements under the Fair Labor Standards Act (FLSA). The case is *State of Nevada v. United States Department of Labor*, before Judge Amos Mazzant of the Eastern District of Texas.

The new rule was about to go into effect on December 1. But the judge's order blocks its implementation and "preserves the status quo" while the court considers a number of legal challenges to the new rule. This means that you don't have to change any employee's status from exempt/salaried to non-exempt/hourly just because the employee doesn't meet the \$47,476 salary test – for now.


As explained in "Staffing Strategies in Light of the New Overtime Rules" (Vol. 34, No. 3, NonprofitWorld.org), the new rule was set to more than double the salary threshold for exempt employees from \$455 per week (\$23,660 per year) to \$913 per week (\$47,476 per year). Since the announcement of this rule, organizations have been scrambling to reclassify employees and adjust salaries to be ready to comply.

The substantial increase to the salary test threatens to impose particular hardships on nonprofit organizations. Millions of organizations may be affected: The Department itself estimates that the rule will increase the number of hourly employees by 4.2 million nationwide. The Texas district court's order, however, freezes the rule from taking effect.

The Department states that it hasn't made a final decision whether it will pursue an expedited appeal of the judge's opinion, but asserts it is "confident in the legality of all aspects of" the new rule. In the meantime, the nationwide injunction will remain in effect unless the Department asks the appellate court to stop it and the appellate court grants the Department's request.

“Perhaps even the new Presidential Administration will enter the fray.”

So what should you do, at least for now? Three things:

- 1. Get your attorney's advice** based on your specific facts in light of this important development.
- 2. Subject to your counsel's advice, it is likely prudent** to maintain your own status quo while the legal battle rages on. If your organization has found the new rule challenging, and if your new employee classifications and new salaries haven't yet gone into effect, you may be best served by continuing to follow the old FLSA rules rather than trying to implement changes. But if your organization has already made changes to comply with the new rule, this preliminary injunction doesn't bar your voluntary compliance if that would be less disruptive and in the best interests of your organization and its employees.
- 3. Continue to monitor** the ongoing legal challenges and any further developments from the Department of Labor or the courts. Perhaps even the new Presidential Administration will enter the fray. Stay tuned. 

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*Christine Lambrou Johnson is an experienced litigator with Gammon & Grange, a D.C.-area law firm. Scott J. Ward is director of Gammon & Grange's religious liberties practice group and litigation practice group and has over 25 years of experience helping nonprofits. Gammon & Grange conducts employment and FLSA audits to help nonprofits comply with regulations. Gammon & Grange would be happy to provide a no-cost initial consultation to determine whether your organization could benefit from the audit. For more information contact [GGAlert@gg-law.com](mailto:GGAlert@gg-law.com). (Disclaimer: This article is provided for general information purposes only and is not a substitute for legal advice.)*

# Building Trust with Your Volunteers

Don't overlook this all-important alliance.

**T**he best relationships are those built on trust. Your organization's relationship with your volunteers is no different. Begin building trusting relationships with the following suggestions.

## What You Can Do for Volunteers

The most important thing to remember is that the trust relationship is a two-way street. It requires effort by both parties.

Because volunteers are the ones coming forward and donating their time, it's best if you're the first to "give" in the trust-building relationship. So, start by explaining how you're going to be a trustworthy partner. For instance:

- **Remind volunteers that you'll never loan,** sell, or give out their information.
- **Let them know that any electronic files** have appropriate levels of security.
- **If you use volunteer scheduling software, make sure the provider** gives excellent security.
- **Assure volunteers that you'll never give out their schedule** to anyone they haven't authorized in writing.
- **If you keep volunteers' information locked in a special file,** highlight that fact.
- **Ask if it's OK to recognize them as volunteers in organization-generated media.** Ask this same question about third-party media sources. For various reasons, some people may cringe upon seeing their picture or name in the paper, even if it's in connection with a good cause.

## What to Ask of Your Volunteers

Your relationship will be most solid if volunteers understand up front not only what you'll give but what you'll expect of them. Here are a few basics:

**Ask all volunteers to consent to a criminal background check.** Explain that you aren't looking for traffic tickets (unless they're driving your organization's vehicle), credit checks, or financial records. Your concern is to avoid putting someone with a serious criminal record in touch with clients, staff, and other volunteers. Most volunteers will welcome this scrutiny, appreciating the fact that you put forth effort to insure everyone's safety.

“Explain how you're going to be a trustworthy partner.”

“Just because you aren't paying volunteers doesn't mean there aren't performance expectations.”

## Require them to sign off on the same policy and procedural manuals you give to paid staff.

Just because you aren't paying volunteers doesn't mean there aren't performance expectations. And gaining their signature to show that they understand those expectations is important for the sake of liability. If a volunteer were to be involved in an accident or some other incident, you might need to show that the volunteer was aware of your policies.

## Start with the Foundation

These simple suggestions can establish the ground floor for building a trusting relationship between your organization and your volunteers. With a little thought, you'll likely think of numerous other ideas specific to your situation. Trust building does take time and effort, but you'll be glad you made the investment. **S**

*This article is adapted, with permission, from content by VolunteerHub (volunteerhub.com), originally posted on the Guidestar website (guidestar.org).*

## Building Blocks of Trust

Use these *Nonprofit World* articles (NonprofitWorld.org) to construct a tower of trust:

**How to Create a Motivating Environment** (Vol. 28, No. 5)

**Volunteer Protection Act: What Does It Mean?** (Vol. 16, No. 2)

**The Key to Building Productive Teams** (Vol. 21, No. 4)

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

**Common-Sense Answers about Volunteer Involvement** (Vol. 33, 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.

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



# What's Your Color?

This quick quiz may revolutionize your relationships.

**D**o you always butt heads with certain people? Have you ever wanted to wring the neck of a person who just doesn't "get" you or fellow team members? Are you sometimes shocked when people draw opposite conclusions from the same information?

A simple personality test can make all the difference.

The whole subject of personality is one we tend to overlook when seeking ways to make our organizations more successful. But what makes organizations work is the people within them. Success is all about how well people with different natures get along, make decisions, and work together respectfully. Mutual respect is the soul of a fine-tuned workforce, as well as an effective board.

No, you can't change people's basic characters. But once you understand them, you can improve relationships.

“You can't change personalities, but you can improve your relationships.”

## More Ways to Create a Diverse, Motivated Team

Build on your new understanding with these articles (NonprofitWorld.org):

**The Organizational Personality and Employee Performance** (Vol. 21, No. 1)

**Inner Leadership: Mental Strategies for Nonprofit Staff Members** (Vol. 18, No. 3)

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

**The Key to Building Productive Teams** (Vol. 21, No. 4)

**Beware of These Three Personality Pitfalls** (Vol. 31, No. 4)

## Take the Test

One useful test is the True Colors personality assessment. Take the test at [testq.com/career/quizzes/96-whats-your-true-color](http://testq.com/career/quizzes/96-whats-your-true-color), and ask others in your organization to take it, too – staff, board members, volunteers, all the teams and groups who work together. Then compare your results.

The True Colors assessment divides people into basic personality types, represented by colors:

**Orange:** These people love fun and freedom. They're action oriented and optimistic.

**Blue:** Blue people are caring and sensitive. They're peacemakers, who value harmony and cooperation.

**Green:** These are thinkers with an intellectual approach to life situations.

**Yellow:** Yellows are systematic and detail oriented. They like order and rules.

**Red:** If you're a red, you act spontaneously, trusting your feelings more than your brain.

**Black:** With fierce determination, this type sets challenging goals and does whatever it takes to achieve them.

**Brown:** Browns are steady, reliable, genuine, and down to earth.

These colors serve as a kind of shorthand – a common language for describing a complex set of characteristics. When you pinpoint your native attributes and see how your traits fit with those of other people, you open doors to fruitful alliances, deeper understanding, and a climate for effective interactions.

## Compare Your Results

Knowing your own personality can be an “aha” moment in itself. Comparing your results with colleagues can add another level of epiphany. Once you know that certain people's colors are on the other end of the spectrum from yours, you may suddenly realize why you've always clashed with them.

## “Comparing your results with colleagues can add another level of epiphany.”

Problems can arise when people of opposing colors try to work together, unless they make an effort to understand one another. Yellow people (who like to go by the rules) tend to have trouble working with orange people (who prefer few or no rules). Likewise, green people (who value logical thinking) may have difficulty understanding blue people (who tend to respond with their hearts rather than their heads).

Understanding diverse personalities is extremely helpful in conflict resolution. If two people are having a dispute, there's a good chance that discordant personalities are playing a role. A quick personality check will often diffuse the tension and pave the way for a win-win settlement.

As you compare your test results with others, it will become clear that so-called “difficult” people have positive attributes that can be helpful if handled properly. It's all in the perspective. Simply discussing people's personalities is a powerful bonding experience. Just being heard – having your point of view validated and accepted by others – can meet people's needs and smooth the way for more compatibility.

### Build Effective Teams

The color test makes a great exercise to perform whenever you're starting a project with a new team. When team members understand and appreciate people's differences and what each person brings to the table, there's a much better chance they'll complete the project successfully.

Once you have a good grasp of people's character, you can also give people the roles that suit them best within each team. For instance, you'll likely be better off if you don't ask a blue person to facilitate your group. Blues want to make everyone happy. While that can be a wonderful quality in some situations, it doesn't lend itself to moving through an agenda, making a final decision, and moving on. So you may want to choose a facilitator of another color, and let blues do what they do best: With their warmth, compassion, and need for inclusiveness, they'll make sure everyone is heard.

When teams are involved in planning, it's especially useful to include a variety of personalities. Each will contribute new perspectives and fill in gaps that might occur if everyone's color were the same.

“When you stand in the shoes of those around you, magic happens.”

If team efforts are unsatisfying, check team members' personalities. Are they consistent with the team's current goal? When making a plan, for instance, visionaries make valuable team members. But it's different after the plan is finalized and it's time to execute it. A team full of visionaries may never see the project through to completion. When moving forward with your plan, be sure there are some can-do people to direct the effort as well as some who take direction well. When it's time to evaluate results, you'll do well with a team of green and yellow personalities, who enjoy such analysis.

### Proclaim Your Color

Maltee McMahan ([magichappenstraining.com/services.html](http://magichappenstraining.com/services.html), [magichappens123@gmail.com](mailto:magichappens123@gmail.com)), who facilitates True Colors workshops for many nonprofits across the country, notes that identifying people's colors shouldn't be a one-time thing. Respect for the elements of everyone's character should be part of your organization's culture.


One way to encourage such a culture is for everyone to “wear their colors” to signal their style to others. Give everyone a button, ribbon, or name badge in that person's predominant color. Encourage staff and board members to wear these color tags not only in meetings but around the office on a day-to-day basis.

Proclaiming colors will make it easier to form effective

“Simply discussing people's personalities is a powerful bonding experience.”

teams and to know in an instant how best to motivate each person. It will also help you smooth out differences, both large and small. When a disagreement begins, it may be enough to point to your tag to communicate the fact that you're coming from a different place. Or you might add a clarifying comment such as “Enough with the details, Mr. Yellow!”

It may also be helpful to put up a chart summarizing the seven colors. Have people add their names to the chart under their dominant color. Such a display will give everyone a chance to remind themselves of the different personalities until the language of color becomes second-nature.

The color test can revolutionize your organization. It's an optimal way to create organizational effectiveness, build healthy relationships, and deal creatively with diversity. When you take just a moment to stand in the shoes of those around you, see the world through their eyes, and value the different viewpoints they offer, that's when magic happens. 

# The Power of Story: Bring Your Brand to Life

Use this template to engage supporters in exciting new ways.

By **Brandon C. Walsh**

**A**s a nonprofit, your brand is a critical asset. Your brand helps nurture meaningful relationships, increase recognition, and encourage participation—all of which are critically important to growing and sustaining income.

On an emotional level, a strong brand gives people a reason to engage that's deeper and longer-lived than any specific offering. Thoughtfully crafted and creatively managed, your brand becomes a broader story, an *anthology* of stories, in fact, wherein your constituents are the protagonists and your brand the backdrop.

## Tap into the Power of Storytelling

Storytelling has been with us since our earliest days. And while methods have changed over time, the power of a good story endures.

As a means of engendering common beliefs, exploring our fears, gathering context from history, celebrating prosperity, beauty, and love . . . storytelling just *works*. Stories move us, shape our beliefs, and carry our history forward — and most important, they're easy to share, and they stick.

As storytelling expert Stephen Denning<sup>1</sup> tells us:

Storytelling is natural and easy and entertaining and energizing. Stories help us to understand complexity. Stories can enhance or change perceptions. Stories are easy to remember . . . and engage our feelings. . . . Storytelling enables individuals to see themselves in a different light, and accordingly make decisions, and change their behavior in accordance with these new perceptions, insights, and identities.

This is why storytelling is so critical to brand building. After all, brand-focused communications should ultimately work to influence thinking and behavior — in your favor. With the ongoing proliferation of communications platforms and the increased interactivity of our world, the power of a good story is more relevant than ever.

“You have an untapped wealth of brand stories at your fingertips.”

Here are a few steps to kick-start a brand-focused storytelling program for your organization.

## Step 1: Embrace a New Mindset and Define Your Storylines

For many nonprofits, a change in mindset is helpful to creating an effective brand-focused storytelling strategy. Put simply, view your brand as an independent media channel. Why? Independent media channels provide a distinct voice and view the world through a particular lens not shared by others. Independent media channels engender trust and loyalty, and give audiences reasons to connect above and beyond the particular programs they broadcast.

With this mental model, it becomes easier to decide what sort of stories to cultivate. Who are you? What do you stand for? What do you seek to advance? What role do your constituents play? Answering these basic questions can help define the resonant “storylines” you can credibly advance.

Effective storylines connect what you mean, stand for, and offer given what your constituents are looking for and value. That connection creates resonance which will, in turn, increase awareness, participation, and support.

Each storyline then serves as a header underneath which you can organize specific stories. You can use these storylines individually or in combination with each other, depending on the audience.

These storylines will help you find, develop, and organize real-life anecdotes that bring your brand to life — and make key messages human and relevant. For instance:

**A symphony orchestra** might organize stories around topics such as:

- advancing the art form
- preserving history
- fostering music appreciation in kids.

<sup>1</sup>Stephen Denning, *The Springboard: How Storytelling Ignites Action in Knowledge-Era Organizations* (Boston: Butterworth-Heinemann), p. xv, as referenced by Roger Sametz, the founder of Sametz Blackstone Associates, in his “Storytelling through Design” article for the Design Management Institute.

**A liberal arts college** might cluster stories around:

- helping students become the best version of themselves
- a supportive and close-knit community
- transformative educational experiences.

**A research institute** might tell stories under the umbrellas of:

- translational science
- accelerating discoveries.

In the end, *your* storylines should inform how *you* communicate — whether in long form, photographs, in blog posts, or tweets — on behalf of your organization. Storylines are also useful as a structure against which to check blog posts, tweets, brochures, press releases, and so on. Examining your storylines will let you know whether you're truly telling your story through your efforts.

Once you define these big-picture storylines, it's time to identify specific stories that fit your framework.

## Step 2: Mine Your Organization for Stories

Brand-building is the responsibility of your entire organization. The marketing group might set the strategy (in concert with overarching goals, of course), but branding is everyone's job — from volunteers and customer service reps all the way up to the board of directors. And it's within those two ends of the spectrum that the best stories are often found.

Engage your board members and volunteers by asking them to tell a story about your organization that exemplifies their reason for being involved (hint: it's not the paycheck!). Engage constituent-facing employees and ask them what they're hearing on the front lines. Chances are they hear things you don't!

Collect story ideas, gather the contact information of everyone involved, follow up, and fill in the details. The template below will help you craft specific stories.

## Step 3: Make Your Stories Sing

To make a story “sticky,” you need a structure and a hook. To build your brand, you must clarify your organization's role in the constituent's journey. Here's a basic template we've used with a number of organizations to help develop a library of effective, brand-building stories.

**Title: What would you name the story if you were making a movie of it?** Pull the reader in. Think evocative and emotional as well as literal.

**Subhead: What value did your organization add to this story?** Convey progress. Speak to the interaction between your constituents and your organization.

**Situation: In this story, who benefited from your organization's work?** Choose one or two specific people

“What would you name the story if you were making a movie of it?”


to be the protagonists of the story. What brought them to your organization? What were they out to achieve? Did they engage with other organizations first? What are they passionate about? Contextualize within their broader lives and experiences.

**Your organization's impact:** How did your organization enter into these people's lives? What role did your organization play? Which products, programs, and services came into play? Who from your organization participated? What was innovative about your organization's role?

**Progress and benefits: What value did your organization deliver?** Describe your protagonists' progress. What breakthroughs did they experience as a result of their contact with your organization?

**Results: How are these people different at the end of the story?** Is the story ongoing? What benefits do you expect in the future?

For written stories, quote people's words wherever possible. Or adapt this outline into a script, and document your stories via short conversational videos. Do whatever works best, given your established communications strategy and your resources.

You have an untapped wealth of brand stories at your fingertips. A little planning, digging, follow-up, and editing can go a long way. 

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## Telling Tales

For more on storytelling about your brand, see these articles at [NonprofitWorld.org](http://NonprofitWorld.org):

**Why Invest in Brand? And Where Should You Begin?** (Vol. 29, No. 3)

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

**Simple Lessons to Preserve Your Brand** (Vol. 31, No. 4)

**The Nonprofit Branding Exercise** (Vol. 26, No. 1)

**How to Transform Your Brand** (Vol. 28, No. 5)

**Why Telling the Right Brand Story Matters So Much** (Vol. 32, No. 3)



# MILLENNIALS



## Three Steps for Getting the Most from Millennials

Millennials have entered the workforce en masse, and many organizations are still struggling to incorporate them. Here are concrete steps to make the transition easier.

*By Kate Zabriskie*

*“Did you see what she wore to work today? What was she thinking? This is an organization, not a club!”*

*“How does he not know to bring a notebook and a pen to a meeting? Do I have to tell him everything?”*

*“What would make her think it was okay to party with the clients until three in the morning? Does this woman have no understanding of boundaries?”*

*“Did you know his mother called HR to find out when he would be getting a raise? Unbelievable!”*

If you have new hires fresh out of school in your workplace, some of that may have a familiar ring.

So what’s happening? Are these new hires just bad employees? Are you just unlucky? Probably not.

Rather, the source of the surprises most likely has to do with the lack of training related to workplace expectations. Before you say, “But they should know,” don’t waste your breath. Maybe they should know, but they don’t. New hires are called new hires for a reason. They are freshly minted employees who don’t know much about the workplace because most of them haven’t been in it that long.

As someone with more experience than the people you hire, you have a responsibility to get them off to a good start. By consistently following three steps, you can short-circuit many of the problems people encounter when they start working with new hires, especially millennials.

### Step One: Understand something about them.

Millennials as a generation are different from those who have come before them. More than a few still live at home and don’t plan on leaving soon. Besides, if they borrowed money for school, they may already owe as much as what amounts to a mortgage. That doesn’t mean they’re clueless about life outside of the nest, but their circumstances are probably very different from yours at the same age.

Next, you must understand these people grew up surrounded by ever-present technology and in an era of instant answers. Sure, you may have had an Atari or Nintendo, but it’s not the same thing. They have always had Google. They’re used to being able to find information and find it quickly. Raised in an era of parents as friends and answers at their fingertips,

*“It’s challenging to work with new hires, especially those from a vastly different generation.”*

“When the parade of fashion crimes starts, you’ll have no one to blame but yourself.”

many of them have no problem questioning authority. In the workplace, you may see a new hire ask questions and interact with senior leaders in ways you don’t expect. Maybe you already have.

Another difference between millennials and other generations is how they view praise. As children, this generation of people played on sports teams where everyone received a trophy just for showing up. They were also rewarded and recognized with ribbons and certificates at school for being polite, having integrity, and displaying common courtesy. Millennials expect lots of feedback larded with praise.

Longevity in an organization is another difference between this generation and others. Years ago, it was a major taboo to job jump or have gaps on a resume. These days, you’ll find that this generation will gladly take six months off to go hiking along the Appalachian Trail or volunteering somewhere overseas. Strangers to delayed gratification, they aren’t saving those activities for retirement, and they don’t expect to spend a lifetime with an organization. Instead of pretending that millennials will be part of your team for a decade or more, look for ways to make the most of the time you have together while they are.

### Step Two: Spell out everything.

Assume nothing. Take workplace dress, for example. There was a time not too long ago when women wore hose to work and wouldn’t consider crossing the office threshold in open-toed shoes. That was then. These days, if you offer no guidance, some will come to work in footwear you wouldn’t wear outside your house. And when the parade of fashion crimes starts, you’ll have no one to blame but yourself. You need to tell people that, contrary to what they may see online or in a magazine, the flip-flop is not the new Ferragamo.

Once you’ve thought about the basics, you’ll need to anticipate the times “on the job” when the new hire will interact with people outside your organization. Is the new hire attending a client function with you? If so, it makes sense to review your expectations before you head out the door. Whereas most people might do fine on their own, that’s not the point. If you expect a certain set of behaviors, you need to make clear what they are.

### Step Three: Use praise, and do it often.


Most people like praise. As mentioned earlier, the difference between millennials and other generations is that they’re used to receiving it.

To get the most out of your new hires, you must learn how to give feedback more often. A word of caution: Millennials know when they’re being patronized just as well as the next person, so choose your words wisely. At this point, a lot of them will have figured out that the trophy thing wasn’t such a hot idea. Instead, you’re going to have to pay attention and recognize good work. It’s more time consuming, but if you put in the effort, you’ll see more of what you want to see.

Don’t rely solely on feedback on the fly. The reality is it’s easy to get busy. Make the time to have structured conversations with your new hires about their development. Thinking of skipping this step? Don’t. Regularly scheduled one-on-one meetings will ultimately benefit the new hire, the organization, and you.

### Final Thought

Developing any employee takes time, and working with new hires has its own set of challenges. There are few shortcuts along the road to success in the workplace.

How much effort you put in to another person is certainly up to you. But think back to your first days in the world of work. If someone spent the time to work with you early in your career, you were lucky. If you didn’t have that opportunity, don’t you wish you had? 

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**See upcoming articles** on the great generational shift and what it will mean for you, including the new employee recruitment, training, and retention tools you’ll need to put into place.

### More Help with New Hires

For more recruiting, hiring, training, and retention tips, see these articles at [NonprofitWorld.org](http://NonprofitWorld.org):

**Keeping Your Best and Brightest Workers** (Vol. 28, No. 6.)

**The Boomer-Millennial Workplace: How to Defuse the Tension** (Vol. 28, No. 5)

**“Cool” Is the New Recruiting Tool** (Vol. 29, No. 3)

**The High Cost of Employee Turnover – and How to Avoid It** (Vol. 31, No. 3)

**Are You Prepared for the Multigenerational Workplace?** (Vol. 28, No. 6)

**Why Your Employees Are Losing Motivation – and What to Do about It** (Vol. 29, No. 4)



# Cybersecurity: Not Just for Home Depot Anymore

**Nonprofits are increasingly being targeted by hackers.  
Here's why, and what you need to do.**

*By Craig Blackman & Jana Landon*

**W**e're bombarded every day with a new headline regarding another cyberattack that seems bigger than the previous one. While the focus is on large hacking incidents that affect millions of consumer or patient records, other, less-publicized violations have involved nonprofit organizations, and these attacks are increasing.

While all organizations have to be wary of data breaches, small and mid-sized nonprofit organizations in particular are likely to be easy targets for cybercriminals. There are four main reasons:

**1. The hackers may be looking for “quick hits” of data** to sell. Nonprofit organizations often have high-value donor, client, and employee data, and many nonprofits don't have internal controls or security in place.

“Small and mid-sized nonprofits are likely to be easy targets for cybercriminals.”

**2. Hackers may want to use a nonprofit's site to advance** their own agenda. Some hackers are looking for easy targets for “advertising,” and organizations without robust security programs are a convenient landing place. A hacker may take over a group's website to post its own content and make it difficult or impossible for the organization to retrieve its original website content.

**3. Hackers may want to undermine the viability of the organization** and its mission. They may want to release the organization's information, embarrass the organization, and cripple the public's confidence in the organization. (This was the case when Planned Parenthood was attacked by anti-abortion hackers and when Colonial Williamsburg was hacked days after the director offered to help Iraq safeguard at-risk artifacts.) Even if a hack is simply a website takeover, the targeted nonprofit is suddenly forced to expend resources to remedy the attack — resources that could be going to support the organization's mission.

## “Nonprofits often have high-value donor, client, and employee data.”

**4. The latest trend in data breaches is potentially the most troubling** for nonprofits: In these cases, the organization's data or resources aren't used, sold, or disclosed, but rather the entire IT infrastructure is held for "ransom." Often, a hacker will contact a victim and demand payment, sometimes substantial, to restore the hacked information. And there's no guarantee the information will be restored after payment.

Many nonprofits haven't seen themselves as targets of cyber threats and therefore haven't invested in robust security software and protocols. In fact, banks, retailers, and other obvious handlers of consumer data may be harder to hack than nonprofits, precisely because they know they are targets. Fortunately, once you appreciate the seriousness of the risk, you can take steps to minimize it.

### Have a Plan in Place

Create and regularly update a robust cyber incident response plan, which should include a public relations and notification component. The plan should address who needs to be notified of a data breach (for example, certain states require that individuals be notified within a certain time frame) and lay out who will be responsible for delivering the message to the public and which channels will be used to convey it. Your organization should also consider engaging an attorney early in the process to guide you through any legal or regulatory obligations and spearhead any internal investigation that you may undertake.

### Manage the Risk before an Attack

If you don't do so already, back up critical information regularly (at least once a day) on a server (or even a drive) that is separate from your day-to-day work environment. If your system goes down, you should have ready access to critical files to minimize work disruption.

Recognize that cyber risk isn't limited to business- or client-related data. People use work e-mail and their mobile devices to discuss personal matters or share observations that they wouldn't want made public. While it's helpful to have strong detection and technological intervention when a hack occurs, it would be even better not to have the embarrassing e-mails in the first place. Every organization, regardless of size, should have e-mail best practices in place and should engage in top-down training for employees.

An organization should pay close attention to how employees use e-mail, the Internet, and social media. Employees should be cautioned not to click on suspicious links, enter unknown

websites, download unfamiliar software, or watch videos on the organization's computers.

In the end, the organization must weigh the obvious benefits of utilizing technology to further connections, reach donors, and otherwise fulfill the organization's mission against the possibility that such utilization may give hackers additional doors into IT infrastructure. Some organizations, especially those that deal with personal health information or personally identifying information, such as financial information, may decide that a complete ban on certain technology (such as social media) is appropriate. Others may want to limit sites to only some members of their organization, or to have their IT group maintain strict controls to monitor for viruses on the sites that are visited.

### Consider Cybersecurity Insurance

Many organizations are looking to insurance to cover costs associated with a data breach. There are two options available to most organizations: attempting to find coverage under a standard commercial general liability (CGL) policy or procuring a specific cyber insurance policy.

Claiming coverage under a CGL policy for a data breach is difficult. CGL policies were originally designed to protect for bodily injury and property damage and haven't been tailored to cover losses related to cyberattacks.

Insureds haven't found much sympathy with courts when bringing cybersecurity claims under CGL policies: Many courts have required claimants to show physical harm or damage to a "tangible object," which is often difficult in cyberattack circumstances.

Further, many CGL policies now include an exclusion that expressly bars coverage for damages related to any access or disclosure of, among other things, "patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information, or any other type of nonpublic information." In other words, these policies exclude coverage for damages related to most of the information that is compromised in data breaches. This exclusion is likely to become a more common feature of all CGL policies, and while this may take some time, this move by insurers demonstrates that in the future policyholders will have an almost impossible task if they try to claim cyberattack coverage under CGL policies.

With CGL exclusions limiting coverage and insurers fighting data breach claims under CGL policies, it is no surprise that the use of specific cyber insurance policies is on the rise. These policies have been available in some form for almost 20 years, but they are only now gaining prominence.

These policies fill the gaps in traditional coverage and often offer first-party coverage for direct costs associated with a data breach, such as a forensic investigation, business interruption, and computer and data loss. They also cover certain risks from third parties:

- damages allegedly related to privacy liability — for example, claims from individuals whose health or financial information was exposed
- network liability, such as claims regarding inadvertent transmission of viruses to third parties if your network was infected
- Internet media liability — for example, costs associated with lawsuits involving claims that your organization committed defamation, libel, or slander, which may arise in cases allegedly resulting from the release of questionable internal e-mails.

Cyber insurance coverage is not standardized and is untested by most courts, leaving insureds with little assurance as to their level of protection. In one case, for example, Cottage Healthcare Systems suffered a data breach and requested coverage from its insurance company, Columbia Casualty, under a cyber insurance policy. Columbia, however, alleged that Cottage did not maintain its security controls as required under the insurance policy, leaving the company vulnerable to the cyberattack. Columbia argued that its policy language didn't require it to pay for losses resulting from the attack because of Cottage's failure "to continuously implement the procedures and risk controls identified in the Insured's application for this insurance."

This case demonstrates the need for a nonprofit to understand fully the terms of any cyber insurance policy it procures. Nonprofits should consider having an attorney

“Sometimes the entire infrastructure is held for ransom.”

## Control Your Risks

For more ways to mitigate risks, see these articles at NonprofitWorld.org:

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

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

**Avoid Catastrophe by Addressing Cyber Risk** (Vol. 33, No. 3)

**How to Prevent an Information Disaster** (Vol. 23, No. 1)

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

familiar with such policies review any potential policy before signing.

In the future, organizations of all sizes are likely to obtain cyber insurance policies to fill much-needed coverage gaps, even if these policies are still new to the insurance market. Until then, a nonprofit's best defense is risk management before any data breach occurs. All organizations should assume that it is only a matter of time before they will be the target of a cyberattack and should take steps to identify key assets and take sufficient precautions to protect them. 

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- **Free job postings** on our NonprofitCareers.org job site

For more information, visit: [NonprofitWorld.org](http://NonprofitWorld.org)





# A Different Kind of Assessment: Test your Leadership

**This new assessment will answer an important question:  
How are you doing on the servant leadership journey?**

**By Don M. Frick**

**S**ervant leadership has been practiced for nearly 50 years but, till now, there wasn't a way for organizations to measure it. Now there is. The Greenleaf Center for Servant Leadership ([greenleaf.org](http://greenleaf.org)) has introduced the first-ever assessment to give organizations insight into how their servant-leaders support individual growth.

## What Is Servant Leadership?

Servant leadership is based on a simple but profound idea: Leaders whom we trust and want to follow achieve moral authority by being servants to followers and organizations, not by wielding titles or using coercive power.

Moreover, entire institutions can act as servants. Every organization has a chart that shows who we are to each other, but servant leadership turns the chart upside down by focusing on *how* we are for each other.

Servant leadership, however, isn't a shallow feel-good philosophy. It calls for radical personal and organizational accountability, deep inner work, and an effort to develop capacities like systems thinking, persuasion, intuition, foresight, and listening with presence.

As servant leadership has shed light on the problems of old models based on ego and raw power, organizations have begun to implement its principles and, by necessity,

“Now, finally, there is a way to measure servant leadership.”

change internal cultures. Some servant leadership based outcomes, like profits and retention, aren't that difficult to measure (incidentally, research shows that both markers are improved in servant-led organizations), but others, like the growth of people and an organization's impact on a more caring and just society, are more difficult to get a handle on. Luckily, Robert Greenleaf gave us a test for servant-leaders and servant-led organizations. He called it the Best Test:

“Do those served grow as persons? Do they, while being served, become healthier, wiser, freer, more autonomous, more likely themselves to become servants? And, what is the effect on the least privileged in society? Will they benefit or at least not be further deprived?” Greenleaf's Best Test™ is a road map of a real inner and outer journey, not a one-time evaluation of knowledge or inventory of future intentions.

## What Is the “Best Test”?

For the first time, Greenleaf's Best Test™ has been operationalized with an assessment tool powered by SMD

(smdhr.com), a leader in survey and assessment technology. The assessment helps people and organizations answer an important question: How are we doing on the servant leadership journey? And make no mistake: The quest to look inward and align with the spirit of servant leadership is an ongoing journey, not a destination. Think of this assessment as a beacon that will make visible some of your organization's neglected corners and make it safe for open, healthy dialogue around vision, policy, and even contentious issues. Think of it as a framework for organizational life, a declaration of intent to move forward and be held accountable to a very high standard of interdependence.

Sometimes, if we pay attention, we find that the flutter of the smallest wings makes the biggest difference:

- **policies that use feedback** to support and develop persons rather than to judge
- **fair standards** of accountability
- **a culture that celebrates** its employees and teams
- **thoughtful practices** that honor suppliers, investors, and other stakeholders.

These strands represent how an organization treats its people and those it serves. They weave a lovely tapestry to create a distinctive institution, a joyful place to work, a force in creating a better world. They are realities that are cultivated by people, not processes, and lie at the heart of sustainability, accountability, trust, interdependence, and growth.

Greenleaf's assessment can be used as a baseline assessment for organizations just beginning the servant leadership journey or as a reality check for those that have some experience with implementing Greenleaf's ideas. The assessment follows Greenleaf's Best Test™ from principle to practice by investigating three categories of inquiry:

**1. What are the outcomes for those who are being served?** Included are items that correlate support for:

- physical and emotional health
- opportunities to gain and integrate knowledge
- avenues to express heightened autonomy
- opportunities to continue the cycle of service.

**2. Are the organization's leaders following servant-leadership behaviors?** (The goal of servant leadership is to create an organization full of leaders, but it's a good idea to choose a few people as "designated leaders" to lead



the process. The questions in this part of the assessment focus on the behavior of these designated leaders.) For example, do these leaders:

- help others manage challenging situations to minimize any negative impacts to the individual?
- coach the team to help them learn from each other's success and failures?
- build relationships by seeking ways to help others?

**3. How well does the organization address matters of heart, spirit, joy, and community?** These human experiences give juice and meaning to work, yet they aren't often discussed, much less measured. Included here are such questions as these:

- Is your work personally meaningful?
- Does this organization foster a joyful environment?
- Does your work contribute to the well-being of others?

Servant leadership works from the inside out, beginning with questions of identity and vision. Greenleaf's assessment is a tool to begin understanding how people and organizations are already making an impact in ways congruent with servant leadership, but the who and why of leading by serving begin with individual persons and groups.

**How Will You Answer the Servant-Leadership Critics?**

Greenleaf's assessment alone won't create a servant-led community. That transformation requires that common criticisms and questions about servant leadership be addressed. Here are some answers to the most common concerns:

**1. Doesn't this sound too soft, weak, touchy-feely?**

Answer: Those who use only the analytical capacities of the brain and ignore the brain cells around the heart and gut are neglecting two-thirds of their potential. Most leaders say they want to see passion, commitment, joy, and engaged teamwork in their organization. Every one of those qualities is "touchy-feely."

“Nothing much happens without a dream, and for something big to happen, there must be a really big dream.”

“The assessment will shed light on your organization’s neglected corners.”

## 2. What would our return on investment be if we implemented service leadership practices?

Answer: Return on investment is an accounting term, unless you include investments in the growth of people. Still, organizations that follow servant leadership principles tend to average 20% to 40% better financial performance than those of similar size.

## 3. How does servant leadership drive results?

Answer: Servant leadership alone doesn’t drive financial results. It unleashes the engagement and commitment of people within the organization, and they drive financial results. As Jack Lowe, Jr., then CEO of TD Industries in Dallas said, “You don’t practice servant leadership to make more money. You do it because it’s the right thing to do. But you will make more money.”

## 4. Who would be in control of this process?

Answer: Although servant leadership may have internal champions, it is ultimately “controlled” by any and all individuals within the organization who decide to begin serving in order to lead.

## 5. How can results of this assessment change things beyond labeling people?

Answer: The assessment is simply a starting point, a source of fresh information. It isn’t designed to pigeon-hole individuals or organizations.

Prudence demands that such questions be asked and answered for a typical project. But as Robert Greenleaf might say, “That comes later. First, who do you want to be?”

Greenleaf also inspired us with these words: “Nothing much happens without a dream, and for something big to happen, there must be a really big dream.”

Servant leadership isn’t a project; it’s a philosophy of leadership that guides pragmatic outcomes, but it always starts with who we want to be, why that identity is important, and what grand vision guides the journey. **S**

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*Don M. Frick, Ph.D. (don@donfrick.com) has dedicated his career to understanding and teaching Greenleaf’s ideas on servant leadership. He has written books and essays about servant leadership, given presentations, conducted workshops, taught graduate seminars, and consulted with organizations on the principles and implementation of servant leadership.*

## Take the Assessment

When you take the assessment, do so with mind and heart open. Greenleaf once wrote that “awareness is a disturber.” Be ready for revelations that may be in conflict with preconceived notions.

Don’t seek a bullet-point, one-size-fits-all system for implementing servant leadership in your life or organization. No two organizations do it the same way, even though the principles are timeless. This is good news for those who understand the profound, positive, customized cultural change that servant leadership can bring to an organization. The Greenleaf Center offers information and support for those who want to go deeper into the journey.

Organizational leaders and management researchers have spent years searching for the “secret sauce” of successful organizations. Servant leadership offers an alternative definition of success, based on multiple bottom lines that measure impacts on communities, market growth, the growth of people, shared achievements, and individual evolution. Plainly said, the sauce is in the people.

Join us on a journey to increase awareness of yourself, your organizational culture, and the generative process of servant leadership. For more information, contact us at [info@greenleaf.org](mailto:info@greenleaf.org). To take the assessment, go to [greenleaf.org/best-test](http://greenleaf.org/best-test).

## Put the Philosophy into Action

For details on implementing the precepts of servant leadership, see these articles at [NonprofitWorld.org](http://NonprofitWorld.org).

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

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

**Inner Leadership: Mental Strategies for Nonprofit Staff Members** (Vol. 18, No. 3)

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

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

**Why Your Employees Are Losing Motivation – and What to Do about It** (Vol. 29, No. 4)

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

**Nested at the Heart: A New Approach to Nonprofit Leadership** (Vol. 29, No. 6)

**What Makes a Great Team?** (Vol. 32, No. 6)

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



# New Rule Will Change the Way You Report Your Contracts

Take these steps to comply with the new accounting standard.

By Kevin O'Connell

**A** new accounting rule will change the way you fill out your financial statements when you report contracts you've entered into with your customers. Accounting Standards Codification (ASC) 606, "Revenue from Contracts with Customers," developed by the Financial Accounting Standards Board (FASB), will take effect for annual reporting periods beginning after December 15, 2018. (Some nonprofit organizations that are considered public entities will need to adopt the new standard for annual reporting periods beginning after December 15, 2017.)

Starting the process for implementation in the near future is imperative. Delay could cause your financial statements to fall out of compliance with generally accepted accounting principles (GAAP), create loan covenant violations, and cause you to incur extra costs on your annual audit.

Get ready for the new rule by taking a look at your different revenue streams and contracts. Decide which ones you'll need to recognize on your financial statements. Use the following as a guide:

## WHICH REVENUE STREAMS ARE INCLUDED IN THE NEW STANDARD?

Revenue streams that are subject to revenue recognition under the new standard include: (1) government contracts, (2) licensing, (3) membership, (4) products and services, (5) royalty agreements, (6) sponsorships, (7) subscriptions, and (8) tuition.

## WHICH REVENUE STREAMS AREN'T INCLUDED?

Revenue streams that *don't* fall under the scope of the new standard include: (1) debt and equity securities, (2) derivatives, (3) financial instruments, (4) guarantees, (5) insurance contracts, (6) leases, (7) nonmonetary exchanges, (8) transfer and servicing rights, (9) receivables, and (10) contributions from donors.

Some contracts, such as those for products and services and for tuition are straightforward. But some of the other revenue streams could be more complex. One example of how the new standard could affect nonprofits relates to memberships. Associations or clubs are nonprofit organizations that offer numerous benefits to their members. Such benefits could include use of facilities, newsletters, and discounted or free apparel. The new standard would require an association to determine whether the membership dues are part of a donation, an exchange transaction, or both. If the membership dues are determined to be both a donation and an exchange transaction, the portion of the membership dues related to the donation and exchange transaction should be identified and split out to be reported separately. The amounts must be reported separately because the portion related to donations isn't part of the new standard, while the portion related to the exchange transaction is subject to the new standard.

Government grants also create a set of issues under the new standard. As the standard only covers contracts with customers, there has been debate within the industry on

## “Delay could cause your financial statements to fall out of compliance.”

whether the government is considered a customer. In many cases, the customers would be considered the constituents who benefit from the grant, rather than the government itself. This issue has been raised with the FASB, and we anticipate the FASB providing more guidance and clarifications around government grants and their relation to the new standard in the near future.

### A Five-Step Model to Comply with the New Standard

To be sure you're compliant with the new regulations, you'll need to follow these steps:

- 1. Identify the contract** with a customer.
- 2. Identify the performance obligations** in the contract. A performance obligation is your promise to transfer a good or service to the customer.
- 3. Determine the transaction price.** The transaction price is the amount of consideration (for example, payment) you expect in exchange for transferring the goods or services to the customer.
- 4. Allocate the transaction price to the performance obligations** in the contract. To allocate an appropriate amount to each performance obligation, you must determine the stand-alone selling price of the goods or services for each performance obligation. If a stand-alone selling price isn't observable, you must estimate it.
- 5. Recognize revenue** at the time that you satisfy each performance obligation (in other words, at the time that you provide the promised good or service to your customer).

### Examples of How the New Model Will Impact Organizations

Here are examples of how the five-step model can be used for various revenue streams.

#### EXAMPLE 1: MEMBERSHIP DUES

Members pay annual dues of \$500. The only benefit that members receive is a monthly news e-mail alert with a value of \$200.

- Step 1 (Identify the contract): The \$200 paid for the e-mail alerts is considered a contract with a customer. The remaining \$300 is considered a *contribution*, since no specific performance obligations relate to this amount. Therefore, the \$300 would *not* fall under the new standard.

- Step 2 (Identify the performance obligations in the contract): The nonprofit organization has an obligation to provide the e-mail alerts in return for payment.
- Step 3 (Determine the transaction price): The transaction price of the e-mail alerts is \$200 per year.
- Step 4 (Allocate the transaction price to the performance obligations in the contract): The \$200 would be allocated to the obligation to provide the e-mail alerts.
- Step 5 (Recognize revenue at the time that you satisfy each performance obligation): The \$200 would be recognized as revenue over 12 months as each alert is provided to members. The \$300 would be recognized as contribution revenue, which isn't subject to the new standard.

#### EXAMPLE 2: QUARTERLY NEWSLETTER

A nonprofit has annual dues of \$1,000. Members receive benefits such as exclusive use of facilities and a quarterly newsletter. The newsletter has a fair value of \$50 per year and is sold separately to outside parties.

- Step 1 (Identify the contract): There is a contract between the nonprofit and its members related to the dues and the subscription to the newsletter.
- Step 2 (Identify the performance obligations in the contract): There are two performance obligations that must be satisfied: (1) membership services, (2) subscription services for the newsletter.
- Step 3 (Determine the transaction price): The transaction price of the total bundle for both membership services and subscription services is \$1,000.
- Step 4 (Allocate the transaction price to the performance obligations in the contract): Since the nonprofit sells subscription services to nonmembers for \$50, a stand-alone selling price for the subscription has been established. Therefore, \$50 would be allocated to the subscription services, and \$950 would be allocated to membership services.
- Step 5 (Recognize revenue at the time that you satisfy each performance obligation): The nonprofit would need to determine if the revenue from each of the two performance obligations should be recognized over time or at a specific point in time. In this case, the membership services should be recognized over a 12-month period, and the subscription services should be recognized each quarter over 12 months.

#### EXAMPLE 3: EVENT SPONSORSHIP

An association gives service providers the opportunity to sponsor an event for its members. Sponsorship provides logo placements in all publications or advertisements connected with the event.

- Step 1 (Identify the contract): When the accompanying rights and privileges result in nominal value to the service

provider, the nonprofit has received a contribution. Thus, this situation wouldn't meet the definition of a contract and wouldn't be subject to the provisions of the new standard. (However, nonprofits should consider the specific facts and circumstances of a naming opportunity and accompanying rights and privileges. Length of time, control over name and logo use, and other contract stipulations may create a transaction that would be recognized under the new standard.)

## How to Prepare for the Changes to Come

Due to the extensive amount of work and time that the FASB believes it will take organizations to implement the new standard, they delayed the effective date by one year from their original proposal. Given the effective dates, you should use the following implementation timeline in order to stay in compliance with the new standard:

### 2017, FIRST HALF:

- **Review your contracts**, and analyze the impact of the new rule on your financial reporting.
- **Consult with your auditors** or other accounting professionals. Many accounting firms are offering services related to implementing the new standard and are willing to help nonprofits with implementation.

### 2017, SECOND HALF:

- **Amend your accounting policies** to reflect the new rule.
- **Rewrite your contracts** to comply with the new standard.
- **Communicate with your bankers**, funders, and other users of your financial statements about the changes that you will be making.

### 2018, FIRST HALF:

- **Test your readiness** for full implementation of the new standard.

### 2018, SECOND HALF:

- **Implement** the new standard. 



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## Coming Up in Nonprofit World



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- Are You Offering the Right Perks?
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# Use Struggle to Become a Better Leader

Severe challenge can be your greatest opportunity.

By Terrence Fernsler

**Leadership and the Art of Struggle: How Great Leaders Grow through Challenge and Adversity.** By Steven Snyder. Softcover. 206 pages. Berrett-Koehler Publishers ([bkconnection.com](http://bkconnection.com)).

Struggle often unlocks great potential for growth, if leaders can learn skills, capabilities, and practices that help them thrive in the midst of challenge and diversity. While some people repeat the same mistakes over and over, great leaders use setbacks as wake-up calls. They learn to work with others to achieve some larger purpose. Learning from struggle helps make leadership an enlightening journey.

Seeing struggle through this lens affirms its value. New strategies and practices emerge, and leaders can get to the next level of their vocation. With this attitude, opportunities for change can come from adversity and what at first may seem devastating failure.

Setbacks can leave you feeling out of balance, tense, and too ready to act reflexively on the visible signs of struggle. It's important to get beyond the symptoms to understand the real causes. Becoming grounded is the first step to reframing and learning through hardship.

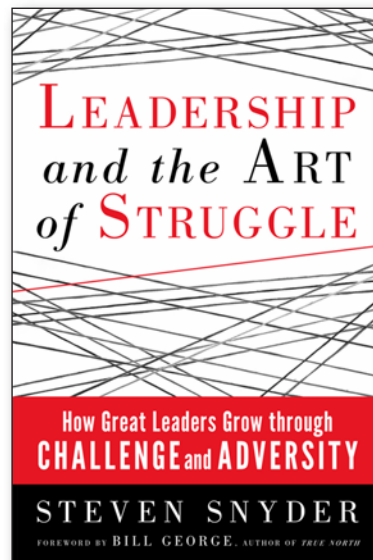
Adapting to — rather than repeating — setbacks comes from being grounded. In *Leadership and the Art of the Struggle*, Steven Snyder offers ideas to help you get grounded, but readily admits there are more ways than those he presents. Once grounded, you can more easily reframe the issue and explore new paths to resolving it.

His suggestions for learning from misfortune are well worth reading. You can learn to take such steps every time a challenge appears. Anticipating various scenarios and being disciplined keeps you in control of setbacks. In addition, Snyder emphasizes celebrating what's important to avoid letting problems consume you.

While Snyder profiles leaders who dealt with difficulties to demonstrate how successful people learned from struggling through them, he recognizes that everyone's path will be unique. The art of the struggle is how we grow as we journey through it and bring life to our core values. This book provides guidance for learning from and improving our leadership by working past and through obstacles.

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## Reinvent Yourself

What's needed during times of struggle? Often, you'll need to reimagine the situation and reinvent yourself. Here are a few ways to do so:

**Write down all the people you can rely on for support.**

Then make a list of your needs for support (both now and in the future). Place your two lists side by side, and match your needs with the people in your support network. Are there things you need that you can't find within your current network? It's these gaps that are most important. Here lie your opportunities to build connections for your long-term needs as you continue to develop as a leader.

**If you're facing a current challenge, first take time to acknowledge the emotions you're feeling.**

Find someone to talk to — a coach, mentor, peer, or friend. Just discussing the problem may help you see new solutions. Ask yourself: Are my old styles of leadership working for me right now? What do I need to change about myself to better adapt to my current situation?

**List behaviors that are adaptive and those that interfere with your effective functioning.**

What outdated behaviors and beliefs could you shed in exchange for more resilient perspectives? Dig deeply to discover the beliefs that underlie your counterproductive behaviors. When you change your beliefs, you change your perspective, which changes everything.

## Frame the World for Those Who Matter

Nonprofits could receive more support if they followed the lead of conservatives, who know how to frame issues to their advantage, according to George Lakoff, in *Don't Think of an Elephant* (Chelsea Green Publishing, chelseagreen.com).


For one thing, nonprofits must learn to frame their need for funding in terms of strategic initiatives – plans in which change in one issue spills over into many others. For example, a large investment in alternative energy has an enormous yield across many areas, including jobs, health, clean air, clean water, habitat, global warming, and third world development.

Instead of thinking strategically in this way, nonprofits tend to think issue by issue. They generally don't consider what minimal change they can make that will affect many issues. Thus, they forfeit a considerable amount of money, because funders are eager to reward systems thinking rather than a one-issue perspective.

Progressive nonprofits can also learn a great deal about language from conservative groups, who are masters of framing. With a few words, like “tax relief,” they create a whole frame of reference – the idea that taxation is a burden, and we need relief from it.

In response, progressives will launch into a paragraph-long discussion of their views. But, without a frame for their argument, they leave listeners behind. Rather than arguing about the frames created by conservatives – which only perpetuates those frames – they need to frame issues in original ways for their stakeholders.


Here are a few things you can do to reframe the world to benefit your organization:

- **Acknowledge the genius** of those who have framed the debate with terms like “pro-life,” “partial birth abortion,” and “death panels.” Take a page from their book, and seek out short, compelling phrases that will advance your arguments just as vividly.
- **Create your own frames** rather than arguing within the other person's frame. Remember that if you tell someone not to think of an elephant, that's all they'll be able to think of. If you ask people not to believe what your opponents say, you're doing the same thing. Just as when President Nixon said, “I am not a crook,” you actually reinforce the message you're trying to refute. The key is to use a new, original frame for your own message rather than reacting to someone else's language.
- **Make an emotional connection** with people. Emotions, not facts, have the power to move people. Relate to people where they live, in their feelings and their hearts.
- **Understand** that the truth alone isn't enough. You must build a frame around the truth in a way that resonates with people. We think and reason using frames and metaphors.
- **Speak from your moral perspective** at all times. Be clear about your core beliefs, and use the language of values. 

## Let Diversity Expand Your Circle of Givers


As our country becomes more diverse, it makes sense to recognize how philanthropy differs among cultures. To find new donors in unexplored groups, you must first research different cultures and styles of communication. When you speak to a prospective donor from another culture, for example:

- **Stay clear of jargon and idioms.** Instead of “Let me run this by you,” say “Here is my idea.” Rather than, “There is no magic bullet,” try, “There is no easy solution.”
- **Be cautious about using first names.** Not all cultures are comfortable with such familiarity.
- **Match the rate, pitch, and volume** of your speech to the person with whom you're talking. Be careful that you're not speaking too fast or too loud.
- **Avoid gestures.** Something as innocent as the “OK” sign can mean something entirely different and may be insulting to those of other cultures.

These are a few of the insights in Lilya Wagner's *Diversity and Philanthropy* (published by ABC-CLIO, abc-clio.com). Also see “The Skill Every Fundraiser Needs: Cultural Wisdom” by Lilya Wagner, *Nonprofit World*, Vol. 34, No. 3. 

## A Communication Checklist to Engage People

Before communicating any message, strategic communicators begin by asking questions in a certain sequence:

1. **What is the challenge or opportunity** we're hoping to address?
2. **What do we want?** What's our goal? What do we hope to accomplish?
3. **Who matters?** What do we know about our stakeholders? What don't we know that we should?
4. **What do our stakeholders do, think, feel, or know in relation to us?** What changes in their actions, thoughts, feelings, or knowledge would benefit our goals? What are the opportunities and barriers for those changes to take place?
5. **What do they need to see us do, hear us say, or hear others say about us** to think, feel, know, and do what we want them to?
6. **How do we make that happen?** 


—adapted from *The Power of Communication* (published by Financial Times Press, ftpress.com)

## Reflecting on Your Cultural Worldviews

We make cultural assumptions all the time. We often use stereotypical language when we talk about people from different backgrounds, including gender, generation, religion, geographical location, sexual orientation, race, and ethnicity. Such assumptions and communication styles limit our effectiveness.

*Building Cultural Competence* by Kate Berardo and Darla K. Deardorff (Stylus Publishing, styluspub.com) provides a treasure house of exercises you can do to broaden cultural competence for yourself and others in your organization. These activities will help you learn to suspend judgment, communicate successfully, and work with different people in different environments.

Ask the following reflection questions of yourself and others in your organization to help you assess and develop intercultural competence:

- **Are you eager to learn about different cultures, backgrounds, and experiences?** Do you make an effort to learn such information about everyone you meet?
- **Can you easily view things** from more than one perspective?
- **Do you engage in active observation of others**, paying attention to subtle nuances and dynamics among people?
- **Are you able to adapt your communication style** to accommodate people with different culturally conditioned communication styles?
- **How do you show that you value others**, even when you disagree with their beliefs and judgments?
- **Are you flexible in responding to other people's needs**, seeking to understand those needs from their viewpoints?
- **How would you describe your worldview?** Are other worldviews represented in your organization's materials, including your website? How can you enhance those materials to incorporate other worldviews?
- **Do you seek to understand not only why something occurs** but what lessons you can learn from the situation?
- **How much do you really listen** to your peers, teammates, clients, supporters, and others?
- **Do you find out how others want to be treated, or do you assume** they want to be treated by your cultural standards?
- **Are you sensitive to body language**, pauses, intonation, and other nonverbal cues as well as the language you and others use to communicate?
- **Do you encourage others to be open** to a variety of worldviews? 

—from *The Sage Handbook of Intercultural Competence* as quoted in *Building Cultural Competence*.

## Use the Power of Metaphor

There's no better way to engage people than through metaphor. Emotions underlie all relationships, and metaphors help us grasp, communicate, and share feelings more effectively than literal communication.

Metaphors – figures of speech that connect two seemingly unrelated things – create vivid mind pictures. When you explain something metaphorically rather than literally, you reach people at their deepest emotional level. That's the level where people are most easily persuaded and deeply touched.

How do you choose the right metaphor for the situation? Here are a few tips:

- **Be sure the other person “gets” it.** Many metaphors are universal and easily understood. If you say, “Stop looking daggers at me,” even someone who has never heard the phrase before will intuit what you mean. But if you use a metaphor that's common only to a narrow field of knowledge or a certain culture, you may not make a good connection. If you have to explain a metaphor, you'll drain it of its power.
- **Use metaphors to confront dark emotions with humor and a light touch.** If you tell a colleague, laughingly, “Don't blow your top” or “Don't bite my head off,” your message is more likely to get through than if you warn, “Don't get angry.” When people connect to the images in such metaphors, they can't help but lighten up.
- **Don't mix your metaphors.** When you use two inconsistent metaphors together, it creates a confusing image (I smell a rat, but I'll nip him in the bud”; “If you hit the bulls-eye, the rest of the dominoes will fall like a house of cards.”) Such mangled speech is not the way to make a strong connection or deliver a message with power.
- **Use metaphors to make your message clearer and simpler.** If the metaphor makes it harder to understand what you're saying, it's not the right metaphor.
- **Weave similar metaphors throughout your message.** For example, you might speak about how you and your team are on a voyage together. You can then add bolstering metaphors such as “We've been through some stormy seas, but the lighthouse is in sight. If we continue to pull together, that beacon will lead us home.”

With metaphors, you can deepen understanding in profound ways. With just one or two words, you can trigger entire worldviews and elicit a whole range of feelings. Metaphors are far more than ways of using words. They're ways of seeing and shaping the world.




—adapted from *Metaphors We Live By* and *Women, Fire, and Dangerous Things* (University of Chicago Press, press.uchicago.edu)

## Overcoming the Perils of Groups

Is a group of people wiser than one person alone? Does a group add to decision-making and help correct individual biases and errors? Or does a group make individual mistakes worse? *Wiser: Getting beyond Groupthink to Make Groups Smarter* (Harvard Business Review Press, hbr.org) answers these questions by exploring studies of group behavior.

These studies help us understand why people make the decisions they do, especially when they seem to be deciding against their own best interests. Behavior doesn't always appear rational because it includes the effects of emotion, long-term thinking, and just plain misconceptions.

There are notorious examples of groups making individual behaviors worse (William Aramony's United Way, several Red Cross examples, the Smithsonian Institution board in the 2000s, just to name a few). This book explains the common shortcuts we take that can lead into wrong turns. The authors, Cass Sunstein and Reid Hastie, offer simple interventions to make sure groups do the opposite by amplifying good decision-making. Here are a few of their suggestions:

- **As a leader, indicate your willingness** to hear information from every member of the group. Some people with important information may not share it unless they're sure others value their perspective.
- **Ask some group members to act as devil's advocates**, deliberately advocating a position that is contrary to the group's inclinations.
- **Ask the group a simple question:** "If we brought in new leadership, what would it do?" 


—reviewed by Terrence Fernsler

## Use Your Introvert Skills to Advantage

Not all successful leaders are extroverts. In fact, it's often the opposite. Here's how some introverted leaders have done it.

- **They do serious deep thinking** before they make decisions (Bill Gates).
- **They team up with extroverts** to create balance (Steve Jobs teamed with extroverted Steve Wozniak to create Apple).
- **They think long term and stay cool** when others don't (Warren Buffet).
- **They change the rules** to grab opportunities (Jeff Bezos).
- **They challenge themselves** (Mark Zuckerberg dropped out of Harvard and taught himself Mandarin in his spare time).
- **They don't mind listening to experts around them** (Larry Page is known for promoting the ideas of employees).
- **They visualize**, imagining the results of their vision (Elon Musk is pioneering space travel, electric cars, and battery storage all at the same time).


- **They take time to reflect** (Jack Dorsey spends every Sunday analyzing the week's decisions, then uses this feedback to plan ahead).
- **They stay humble and value their mistakes** (Tony Hsieh considers being humble a core value).
- **They meet their fears head on** (Guy Kawasaki hated being in the spotlight but worked on developing his speaking skills).

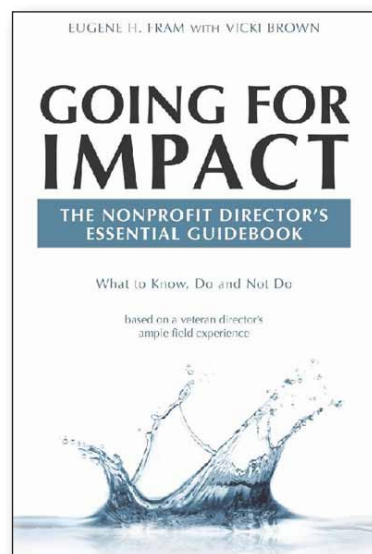
To find out more about the world's most successful introverts, visit [yourtradebase.com/introvert-entrepreneurs/](http://yourtradebase.com/introvert-entrepreneurs/). 

## How to Use Board Members' Time Wisely

Highly qualified board candidates often turn down positions on nonprofit boards by saying, "I'm too busy." That's often a polite way of saying, "When you say 'nonprofit,' I think of slow processes, board agendas loaded with minutia, long presentations, and unfocused discussions."

In *Going for Impact: The Nonprofit Director's Essential Guidebook*, Eugene Fram (amazon.com) explains that you can change such perceptions if your organization can deliver on the following:

- **Directors receive the agenda** one week before the meeting and the minutes within a week.
- **There's a time limit** for staff reports, and such reports are prepared well in advance, with the CEO working ahead of time with the presenter.
- **The maximum number of slides** in a PowerPoint presentation is 10.
- **Board meetings begin** and end on time.
- **The board chair quickly refocuses** discussions that get off track.
- **Policy and strategic topics** (not day-to-day operations) are the board's focus.
- **The board eliminates time-consuming discussions** with approaches such as a consent agenda. With a consent agenda, routine items are approved as a group. If anyone questions an item in the group, it's placed on the agenda for the next meeting. 



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